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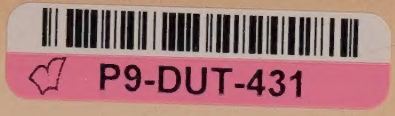
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PRIVILEGE AND DEMOCRACY IN AMERICA

BOOKS BY FREDERIC C. HOWE

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BY

FREDERIC C. HOWE, PH.D.

AUTHOR OF "THE CITY: THE HOPE OF DEMOCRACY"; "THE BRITISH CITY: THE BEGINNINGS OF DEMOCRACY," ETC.

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TO
MY MOTHER

PREFACE

Down to the beginning of the nineteenth century government was merely the will of a class. Politics mirrored the wish of the privileged orders. And the motive which inspired the governing classes was primarily an economic one. This interpretation of politics has only begun to influence the writing of history. Yet in this motive is to be found the cause of wars and of peace, of intrigue and of diplomacy, of force and of fraud, of practically all legislation relating to religion, taxation, industry, and the relation of classes. The struggles of kings and parliaments, of burghers and peasants, of cities and overlords had their origin in the desire to use the agencies of government for the advantage of one or the other of the contending orders. We have only to study the Parliamentary struggle which has just closed in Great Britain, to see a confirmation of this fact. In this instance the conflict was carried on by peaceful means. But the motive of the struggle was the same. It was a warfare of classes, organized through parties instead of with armed retainers, but bent on the control of the government for economic advantage.

During these centuries religion was the handmaiden of the class which ruled. It aided in the creation of a moral code which kept the masses of the people in subjection, and contented with their lot. It taught the paralyzing ethics of obedience, of reverence, of humility, of duty. All of the relations of society were created by the class which ruled. And the class which ruled was the class which owned. Its constant aim was to control the distribution of wealth.

When society emerged from the anarchy of the Middle Ages, law was substituted for the reign of force, which the ruling classes had employed in an earlier age. And by means of law humanity was made to obey. By law the feudal lord reared himself above the serf just as the patrician had reared himself above the pleb. And through the aid of religion, education, and the administration of justice, law was given a solemn and religious sanction. Through these agencies the economic framework of society, as well as the relations of classes, was adjusted to suit the will of the ascendant class.

"The holders of riches always appropriate to themselves political authority," says Achille Loria, the eminent Italian economist. This "is common to the various historical phases of capitalistic property. It is the class that predominates economically that holds the political power in each historical period. Thus in the Græco-Italian world it was

the slave-owning class, in the Middle Ages it was the feudal lords, and at the present epoch it is the bourgeois proprietors who are politically supreme."[1]

To what extent has democracy shifted this ascendancy? How far do the laws of America reflect the popular will and the economic relations of men correspond to the new distribution of power? Has the political revolution of the nineteenth century carried with it a revolution in the economic environment, which, in the last analysis, controls the life, the liberty, the morals, and the well-being of humanity? For man's whole life is moulded by his economic environment. And this is made by law. Not by natural law, not by moral law, not alone by the common law, but by the laws enacted by Congress at Washington, by the legislatures of our states, and by the councils in our cities. More than anything else, statute law determines the well-being of the people. More than anything else, it controls the distribution of wealth.

In the past, at least, law has been the fountain of servitude as well as of liberty, of injustice as well as of justice, of poverty as well as prosperity, of crime as well as of the punishment which it sought to prevent. And many are asking to-day whether conditions have really changed. Do not the few still elevate themselves upon the backs of the many by means of law, by means of the control of

[1] *The Economic Foundations of Society*, p. 28.

government and the agencies of justice and public opinion? Is there not truth in the suggestion that society itself is responsible for the wreckage which industry has cast upon our shores? Are not poverty and the attendant evils of ignorance, disease, vice, and crime the children of our own flesh and blood? Have not the liberties, which represent centuries of sacrifice and suffering, only conferred upon humanity the shadow of power, while the substance is still in the hands of an ascendant class, which has made use of the new machinery as readily as it did the old? These are questions which underlie all others in the unrest which is expressing itself in city, state, and nation. These are the questions which are challenging authority in every country in the world. And it is these questions that this book aims to consider.

FREDERIC C. HOWE.

CLEVELAND, OHIO, January, 1910.

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PRIVILEGE AND DEMOCRACY IN AMERICA

CHAPTER I

THE LURE OF THE LAND

In the development of America may be seen the development of Western civilization. Here as elsewhere evolution has followed a sequence as orderly as it was inevitable. All Europe as well as all America has been fashioned by the same economic influences and the political, social, and industrial problems of the present day all trace their origins back to beginnings in very early times, while the long migration of peoples, which has finally reached an impassable barrier by the western seas, is but the continuation of a movement which has been in progress since long before the Christian era. As the eminent Italian economist, Achille Loria, says: "America has the key to the historical enigma which Europe has sought for centuries in vain, and the land which has no history reveals luminously the course of universal history."

This is most obvious in the migrations of peoples, migrations which are not confined to those of the barbarian hordes, which swept over the face of Europe in the centuries which followed the dismemberment of the Roman Empire. For the population of the world has been in migration from the beginnings

of recorded history, and so far as Western civilization is concerned the movement has always been away from the east. The centre of civilization shifted from the rivers of Mesopotamia to Egypt and Palestine. Thence it passed on into Greece, where in the fifth and fourth centuries B. C. it gave birth to a philosophy, literature, and art that have remained the inspiration of subsequent centuries. Colonies were settled all about the shores of the Mediterranean Sea. Then, as now, men were lured from their ancestral homes by the dreams of new countries where opportunity still was free. Among the colonies so founded was Rome. From the seven hills upon the river Tiber the settlement expanded into a nation, just as, many centuries later, the settlements in Massachusetts and Virginia were the seeds of a new people. Roman arms carried the Roman eagles over the entire peninsula of Italy. In time all Spain, Germany, Africa, and the East acknowledged the dominion of the Republic.

During the first few centuries of the Republic conditions of life were simple in the extreme. The amount of land which the individual could own was limited to what he could cultivate. Substantial equality was thus secured to all. Upon each farm was a citizen soldier who fought for his home and his household gods. Conditions were not dissimilar to those which characterized the first two centuries of the American colonies.

With the expansion of the city of Rome into a nation the government became more complex. Political control passed into the hands of an economic class. It finally centred in the Senate, which represented the moneyed, landed, and creditor class. Immense areas of land were added to the republic by conquest. This land belonged by law to all the people. It was the *ager publicus*, the folk land of the nation. It was not unlike the Northwest Territory acquired from Great Britain by the American colonies. But the members of the aristocracy in control of the government leased this land to themselves at nominal rentals instead of allotting it among the people to whom it belonged. They divided it into great plantation estates, which were used for grazing or were worked by slave labor. As time went on the land was needed for settlement. Population increased and the legions desired a home for themselves and their children, just as did the American colonists after the war with France. But the members of the aristocracy refused to relinquish the land which they had illegally enclosed. They resisted every effort to have the land allotted. They even abolished the nominal rentals which they had agreed to pay the state and assumed the right of absolute private ownership instead.

By these means the aristocracy of Rome acquired possession of nearly all Italy. The free citizens, who had been the nation's strength, were driven to

the city or reduced to slavery by the cruel laws of debt which the senatorial class had enacted. Herein was the beginning of national decay. It seems to have been fearfully rapid in its extension. According to Marcus Philippus "there were not two thousand individuals in the commonwealth who were worth any property" by the second century B. C. When Tiberius Gracchus passed through Tuscany to Numancia he "found the country almost depopulated, there being hardly any free husbandmen or shepherds, but for the most part only barbarians, imported slaves."[1] It was this change, says Mommsen, "which tended most directly to accomplish the material and moral annihilation of the middle classes."[2] The Roman historian Pliny has testified that "the great estates have ruined Italy."

The small farmer was ruined by debt and taxation. He was unable to compete with slave labor. He was driven to the city or to foreign lands by the monopoly of the land. By this process Italy was almost denuded of free citizens at a time when Roman arms had conquered the world. The Roman freeman was driven from his native soil by the patrician class who had acquired possession of the land of his fathers. It was this that drove him into Gaul, into Spain, into Germany, even into distant Britain.

[1] Plutarch's *Lives*, Tiberius Gracchus.
[2] *History of Rome*, Vol. I, p. 347.

It was this that peopled Europe with Roman colonists. In time all Europe became crowded, just as Greece and Italy had been many centuries earlier. As population increased, so did the demand for land. It came to have a monopoly value. So long as the land was held by feudal tenure, with the fixed and customary services which feudalism involved, the worker was secure in his holding. He could not be dispossessed by the overlord. Neither his rent nor his services could be increased. The interest of the tenant was the same as that of the lord. They were joint owners of the land.[1] But just as the Roman freeman was driven from Italy by the creation of the *latifundia* or plantation estates, so the freemen of Europe were reduced to poverty by the substitution of money rents for feudal services. Through this change the overlord became the absolute owner of the land. All Europe was divided into private estates, worked by serfs subject to competitive rents. It was this that led to the settlement of America just as it led to the settlement of Europe at an earlier day.

For many centuries the people of England were a nation of home-owners. A part of the land was in individual holdings. A much larger part was held in common by the village. This was modified by the Norman Conquest. The land of England was distributed by the Conqueror among his followers. It

[1] See chapters VIII and IX.

was divided into great estates. The great barons in turn divided it among their vassals. King, lord, vassal, and serf were united by mutual services and mutual obligations. The nexus of all relations was the land. There was little money and no standing army. The state was supported by military and personal services which took the place of rent and taxes. Land was the source of all political and social power. This was the feudal state which existed all over the face of Europe during the middle ages.

The feudal relationship began to disintegrate during the thirteenth and fourteenth centuries. The Black Plague of the fourteenth century hastened it. It reduced the population of England by one-third.[1] The position of classes was changed. Society was revolutionized. The labor supply was so reduced that the villeins abandoned their feudal holdings in order to accept something better. They gave up the land which was theirs by right and under a fixed rent, in order to be wage-earners or leasehold-tenants. Instead of rendering personal services, they now began to pay money rent. Herein was the beginning of the break-up of the old relationship which insured to the tenant a permanent position and at a rent fixed in perpetuity. Through it the mass of the people lost their hold on the land. They became competitive tenants instead of joint owners under

[1] *Six Centuries of Work and Wages*, Thorold Rogers, p. 223.

customary rent. This has profoundly influenced Great Britain. It explains the degraded and impoverished condition of her agricultural population, which, unlike that of many of the farmers of Europe, is but little better than the condition of the casual worker in the towns.[1]

For some centuries after the Black Plague rents continued low. Land was cheap because labor was dear. In the fifteenth century land began to rise in value. The Spanish conquest of South America flooded England with gold and silver. This facilitated the change from feudal services to money rents. During the reign of Henry VII the landed aristocracy began to enclose the common lands which comprised

[1] The early feudal relationship of lord and vassal, in which the rent of the tenant is fixed and constant, still persists, with some modifications, in certain portions of Europe where custom or tradition has prevented the overlord from assuming the right of absolute ownership in the land. The old relationship is still to be found in parts of Italy, France, and Holland. It also exists in the old French manors on the lower St. Lawrence in Canada, where the farmers still pay a small quit-rent to the seigneurs. Under these tenures the rent remains unchanged from year to year, no matter what the value of the land may be. Speaking of conditions in a particularly favored region of Holland, Mr. Broderick says: "M. de Laveleye's ideal of agricultural felicity in Holland is to be found in the province of Groningen, where much of the land is cultivated under a species of hereditary lease, known as Beklem-regt, at a moderate and invariable rent. This system, he (*i. e.*, Laveleye) says, derived from the middle ages, created a class of semi-proprietors, independent, proud, simple, but withal eager for enlightenment, appreciating the advantages of education, practicing husbandry not by blind routine and as a mean occupation, but as a noble profession by which they may acquire wealth, influence, and the consideration of their fellowmen." *Cobden Club Essays*, Systems of Land Tenure in Various Countries, p. 133.

a great part of the area of the nation. There "commenced a struggle of the most fearful character. The nobles cleared their lands, pulled down the houses, and displaced the people. Vagrancy on a most unparalleled scale took place."[1] Henry VIII sequestrated the lands of the monasteries, which amounted to one-fourth of the area of the kingdom. He turned their holdings over to favorites who converted them into sheep preserves or raised the rents. This still further increased the poverty of the country and the extent of vagabondage.

The remonstrances of the yeomen and the peasants to Parliament were all to the same effect. They said (1542) of the new landlords: "They cannot be content to let them [the lands] at the old price, but raise them up daily, even to the clouds, so that the poor man that laboreth and toileth upon it is not able to live."

The enhancing of rents, and the enclosing of the land by monopolists, was freely denounced as destroying the commonwealth. The famous sermon of Bishop Latimer before the king in 1549 voiced the protest of the people. "You landlords, you rent raisers, I may say, you step lords, you unnatural lords, you have already too much." For that which before "went for £20 or £40 by the year (which is an honest portion to be had gratis in one lordship of another man's sweat and labor), now it is let for £50

[1] *History of Landholding in England*, Fisher, p. 54.

or £100 by year," so unreasonably are things enhanced. "For whereas have been a great many of householders and inhabitants, there is now but a shepherd and his dog."

By the end of the sixteenth century the bulk of the land of England had passed from the people into great holdings. The new landowners did not want small tenants; it was more profitable to raise sheep. Farmers were driven from their holdings. Vagabondage increased with frightful rapidity. There is a tradition that 72,000 persons were hanged for this offence during two years of Henry VIII's reign. During the sixteenth century the peasants revolted. Land monopoly was the cause of these peasant risings. The remonstrances of the poor who had been driven off their lands by the processes described were met with massacre. From this time on poverty became more and more unmanageable and misery more universal. Hanging having proved impracticable, the Poor Laws of Elizabeth were enacted. Wages were fixed by law. Then followed the enclosure acts. The first was early in the eighteenth century. They continued into the nineteenth. Between 1709 and 1820, 3,387,883 acres of the people's lands were enclosed by the landowners in control of Parliament. This still further impoverished the agricultural population which was dependent upon the commons for pasturage and fuel. Despite the poverty and vagabondage, population increased very

rapidly. According to Thorold Rogers, the population of England doubled during the seventeenth century.[1] This increased still further the competition for the land. Rents rose in consequence, while the enclosure of the common lands and the use of the land for sheep-raising diminished the supply available for cultivation. It was by these processes that the land of England was monopolized. It was this that destroyed the yeomen. It was this that impoverished England.

It was this that led to the settlement of America. Land monopoly drove the Puritan from England in the seventeenth century just as land monopoly drove the Catholic from Ireland two centuries later. The emigration of the present day confirms this. It is only the dispossessed who come. And they come almost exclusively from those countries where land monopoly and competitive rents remain the least impaired. Wherever peasant proprietorship is the rule the population remains at home.

Switzerland, Holland, Denmark, and France are countries of the small proprietor. These countries have added little to our population. It is England, Ireland, Scotland, Germany, and Austria, and now Russia, Italy, and the Baltic provinces, where the land is still held in great estates, that have sent their landless peasants over the face of the earth in search of a new chance, free from the servitude which land

[1] *Six Centuries of Work and Wages*, p. 463.

monopoly everywhere involves. It is rarely the well-to-do, rarely the home-owner, rarely, even, the tenant with an interest in the soil who migrates. Men care but little about the form of government under which they live as long as they are industrially free. Neither political nor religious persecution dislodges the property-owning class. So strong is the tie of property, of even a little property, that men suffer every sort of oppression rather than abandon their native homes. It is poverty that drives men to dare the unknown. It is land monopoly that has sent the English colonist to every quarter of the globe. It is this that explains the expansion of Russia into Siberia, of Japan into Korea, and of all Europe into America.

To satisfy one's desires with the minimum of effort is an elemental law to which all nature responds. It is the moving force of all life. All nature follows the line of least resistance. The dumb animals of the forest are blindly guided by this principle which nature has implanted in all animate beings. Life is inconceivable with this motive absent. It underlies every activity; it explains every movement of life. It lies at the bottom of all psychology, as well as of all political economy. To satisfy one's wants in the easiest possible way is as fundamental to biological and social science as the law of gravitation is to physics or the heliocentric theory is to astronomy. In response to this instinct, nations, tribes, and individuals have abandoned ancestral homes to build

their fortunes anew in unknown lands. Inspired by this motive, men have crossed the seas and penetrated into the untouched wilderness—they have braved the Arctic Circle and the jungles of the tropics. For this they have pushed their way into the forests and prairies of the distant West. It was the desire for economic freedom, for the satisfaction of their material wants with a minimum of effort, that lured the Argonauts around Cape Horn and across the deserts during the gold fever of 1849, just as it lured them into the heart of the Yukon during the closing years of the last century.

Free land has been the call to which this blind instinct of man has been attuned. It has been the controlling motive of our life. For three centuries the descendants of the early settlers, together with the incoming immigrants, have responded to this call. The frontier was pushed back along the rivers and over the Alleghany Mountains like a great glacial moraine. It spread out into the north-west territory. Thousands of soldiers were settled by the government. In the closing years of the eighteenth century land companies opened up Ohio, Indiana, Kentucky, and Tennessee. New states were carved out of this territory. Long before the Civil War the settler found his way beyond the Mississippi River, inspired as were his father and his father's father, by the desire for opportunity, an opportunity that was offered by the free land upon the frontier.

This movement continued at an accelerated pace during the generation which followed the Civil War. These were years of phenomenal railway development. During the five years to September, 1873, $1,700,000,000 was expended in railway building. 36,000 miles of line were constructed, more than had been laid in the preceding generation. Much of this development was to the west of the Mississippi. Since that time railway construction has continued, until to-day the total mileage is in excess of 224,000. This is equivalent to an eight-track railway completely encircling the globe. During this period settlement followed the railways, just as formerly it had crept up the rivers, or followed the great lakes or wagon routes. A free homestead of 160 acres was a mirage of hope. It was the voice of opportunity calling to the pioneer. It depopulated Ireland. It brought to our shores the most adventurous spirits of Europe. It converted the hills of New England into a region of deserted farms. More recently it has lured the college men of the East to the prairie states and mining camps. The frontier has been pushed on and still further on. Population has crossed the broad arid belt which, up to a few years ago, was known as "the Great American Desert." It reached and crossed the Rocky Mountains, in the face of the declaration of Thomas Benton that at these mountains "the western limits of the Republic should be drawn, and the statue of the fabled god,

Terminus, should be raised to the highest peak, never to be thrown down."

America has repeated the history of other nations. The desire to be free, to satisfy one's desires with the minimum of effort, has filled in the open spaces of America and is now spilling our surplus population over into Canada and Mexico.

At last the waves of population have broken on the Pacific slope. But that the hunger for land is as intense as ever is demonstrated whenever an Indian reservation is opened up to settlement. Upon the borders of these reservations, tens of thousands of persons gather, impatiently awaiting the signal to enter and take possession of the promised land. Like an avalanche they pour in upon the opened territory, conscious that the few remaining acres of our once apparently inexhaustible domain are being fenced in forever.

The West is now enclosed. The world-long drift of peoples has finally come to an end. It has reached an impassable barrier in the Pacific Ocean. The free land of the nation has been taken up. There is now no homestead to be had for the asking. The frontier has only a historical significance. The public domain is almost wholly gone. "The public lands which now remain are chiefly arid in character," says the Public Land Commission.[1] The opportunity for a home, which for three centuries has been

[1] Senate Document No. 188, 58th Congress, 3d session, p. 3.

open to all, has been finally closed by occupancy or fraudulently appropriated by individuals and corporations in collusion with the government. No longer is America the commons of the world. The steady stream of home-seekers which for three centuries drifted across the face of the continent, has ceased to pass our doors.

This enclosure of the American West, for three centuries the *ager publicus* of the world, terminated the greatest single movement of modern history. It marks the close of the first real cycle of American life, a cycle which has been repeating itself, at various epochs in the history of the world, from the dawn of Western civilization. In a big perspective, it may be likened to the fall of Rome, the opening up of a new route to India by Vasco da Gama, or the discovery of America by Columbus. In so far as it affects America, it marks the end of an era. In so far as it brings to an end twenty centuries of westward migration, it is revolutionary. It marks a turning-point in the world.

CHAPTER II

THE ECONOMIC FOUNDATIONS OF DEMOCRACY

One need not accept the materialistic conception of history to find in the free public lands of America the greatest single influence in our life. Underneath the surface the great movements of democracy —political, social, industrial—have been moulded by the free land and the sense of freedom which it awakened in all. To this call every instinct of democracy has been attuned. This has been true from the very beginning.

It is economic liberty that has moulded our political institutions. It is the free public lands of the West that have made us free. It was this that inspired the Declaration of Independence, it was this that led to the separation of the colonies from England, it is this that has ever vitalized American democracy. We have been taught that the Revolution was a protest of Englishmen against an invasion of the rights secured by Magna Charta; that the interference of Parliament with the colonist aroused the Anglo-Saxon in his new home to a spirit of revolt. All these things were irritating, it is true, but the sense of security of the colonists was menaced in a far

graver way. According to a recent historian, it was a proclamation of George III that the "hinterland" to the west of the Alleghany Mountains should be closed to further settlement that aroused the colonies to resistance.[1] The settler had always looked upon the West as part of his possessions, secured to him by grants of the Crown and confirmed by his own sacrifice and suffering. Long before the French and Indian War he had come in conflict with the French over the region to the west of the mountains, and New England, as well as Virginia, had joined with the mother country to drive a traditional foe from the menacing position which it occupied in the rear. The American looked upon the continent as his own and, upon the close of the war with France, he expected to be confirmed in his original grants. Instead of this George III issued an order forbidding the colonists to purchase land from the Indians, or to make any settlements in the regions acquired from France. The British Board of Trade enforced this order. It refused its consent to petitions for land. By this order the colonist was limited to the seaboard, his dreams of economic independence were destroyed. And it was to preserve this opportunity to himself and his children that he took up arms against the mother country.

And just as this instinct for freedom and the desire for Western lands led to war with Great Britain, so

[1] *Foundations of Modern Europe*, Emil Reich, p. 9.

the fruits of the war later preserved the Union. The territory to the west of the Alleghanies became the property of the Colonies by conquest. The title was in dispute. The conflicting claims of the states were finally settled by the abandonment of the north-west territory to the Federal Government.[1] It became the property of the nation. The states that were born thereafter were children of the Union. They claimed no traditions of state sovereignty, they had no memories of independence. This great territory was a bond of nationality, which held the states together in the years which followed. It was an *ager publicus*, the folk-land of all the people. It cemented the nation. It gave the people a common interest and a common purse.

Just as the public lands formed the strongest bond of nationality in the years when the sense of union was forming, so the same public lands were the primary cause of the attempted dissolution of the Union. The expansion of the West threatened the institution of slavery. The new states carved out of the prairies disturbed the balance of power which had thereto-

[1] "The territory embraced within the present states of Ohio, Indiana, Illinois, Michigan, Wisconsin, and Tennessee, that part of Minnesota lying east of the Mississippi River, and all of Alabama and Mississippi lying north of the thirty-first parallel was held by Massachusetts, Connecticut, New York, Virginia, North Carolina, South Carolina, and Georgia under grants from Great Britain during their colonial condition. These territorial interests were surrendered to the general government of the Union by the last named states . . . and constituted the nucleus of our public domain." *The Public Domain*, Donaldson, p. 10.

fore existed. The dominion of the slave states in Congress was jeopardized. This was especially true in the Senate. There the commonwealths enjoyed equal representation. Even the most solemn sanctions of the Constitution could not prevent a conflict between the divergent economic systems of the North and the South. Thus it was that the public land united the nation at a time when it most needed cohesion, and at a later date threatened the dismemberment of that which it had so largely contributed to save.

The West is the real birthplace of American democracy. The seaboard states have ever been aristocratic in thought and interest. The frontier jealousy resented any interference from a distance. And the states carved out of the West have impressed their influence on politics, industry, education, and character. They came into the Union with full manhood suffrage. They exulted in their freedom, and their note has ever been one of protest, of independence, of liberty. The West has constantly drawn to itself the restless forces of discontent. Men crushed by competition it has called. Men eager for personal freedom it has invited. In this sense the West has been the escape-valve of America. The buoyancy of our character is traceable to the free democracy which was founded on a freehold inheritance of land.

Our politics have been quickened by this sense of economic liberty. The attitude of the West has been

that of the pathfinder. It is pioneer-like and feels that the present owes no obligations to the past. Education is highly cherished. The state universities are close to the people. The public has an affectionate regard for higher learning and utilizes its institutions in many ways for the promotion of local matters. Here, the girl looks forward to higher education just as does the boy, and both attend college together. In Colorado, Wyoming, Utah, and Idaho suffrage has been extended to women, while in North Dakota, South Dakota, Oregon, Oklahoma, Missouri, and Montana democracy has popularized all legislation through the initiative and referendum.

The free public lands have moulded industry no less than politics. Free land has determined the scale of wages as well as the opportunity for employment. No man will remain in another's employ for less wages than he can earn on his own homestead. And in all new countries the wages which prevail are determined by what can be produced on the land itself. During colonial days, the indented servant was found along the seaboard. But no indenture of personal servitude crossed the Alleghany Mountains. There can be no servitude, save that of chattel slavery, where free lands are to be had by the worker. The redemptioner and the tenant speedily became home-owners, for free land was always to be had just beyond the line of settlement. Here was independence, and the hope that was born

of independence. Here was freedom from the servitude of the master and the landlord. Here a new life, under new conditions, was open to all. It is this that explains the high standard of living that has prevailed in America. It is not due to the protective tariff, it is due to the fact that the wage-earner could adopt another alternative, and an alternative that left him a free man. It is this that has determined wages in America. It is this that explains the general well-being which prevails in all new countries.

"While free lands exist," says Achille Loria, the celebrated Italian economist, "that can be cultivated by labor alone, and when a man without capital may, if he choose, establish himself upon an unoccupied area, capitalistic property is out of the question: as no laborer is disposed to work for a capitalist when he can labor on his own account upon land that costs him nothing. Evidently, therefore, while such conditions prevail, the laborers will simply take possession of the free lands and apply their labor to the soil, adding to this the capital they accumulate."[1]

This is what occurred in America. It was free land that raised the American wage-earner above the laborer of Europe. It was the amount produced upon the free land that determined wages. This controlled wages in all other industries. It was this that raised our workers to industrial efficiency. It was this hope that has made them resourceful. Up

[1] *Economic Foundations of Society*, p. 2.

to very recently the wage-earner always dreamed of a larger success. The free land of the West is also responsible for America's industrial eminence. It is the coal and the iron, the copper and the oil, the wheat, corn and cotton fields of the West and South that have given us supremacy. It is not protection, it is freedom of trade between our states and freedom of access to the resources of the earth that awakened industry. It was a free field open to all that developed our powers. It built our railroads, telegraphs, and telephones; it girded the earth with steamships and revolutionized all industry. It placed the wheat-fields of the Dakotas alongside of the mills and factories of old England. It built our cities; it gave diversity, strength, and independence to life and character.

The generation which closed with the century was one of intense competition and splendid achievement. It was a generation devoted to harnessing nature to the service of man. It brought forward the captains of industry. They were men familiar with every process from the bench to the counting-room. Human talent enjoyed an opportunity unparalleled in the history of the world. Democracy at work on the undeveloped resources of the country produced an array of men, masters of their craft and leaders in their respective communities.

There is no more conclusive demonstration of the economic basis of all life, of all progress, of all civil-

ization, in fact, than the history of the development of America. It was not political, it was economic liberty that made America what she is. It mattered not from what section of the earth men came or what their previous environment had been, those of force pushed their way to the fore and grew strong by contact with obstacles in a way that suggests the achievements of Drake and Hawkins, whose daring exploits opened the way for the expansion of England over distant seas. It was economic opportunity that made the American people what they are. It was our unparalleled resources that gave us a position of industrial supremacy. The leaders of the age came up from the sod and the mill. They did so, not because they were politically free, but because they were industrially free.

That which is true of America is true of the world. In the last analysis the institutions of a people are but the reflection of the economic foundations upon which they are laid. This is true of politics, of industry, of morals, of religion. A people's destiny is determined by its economic environment. And the relation of the people to the land is the controlling influence of all else. A nation of home-owners is essentially free, no matter what the political forms of the state may be. Such a people is bound to be democratic. All history bears witness to this fact. It is the difference in the method of land tenure that explains the political as well as the social institu-

tions of modern Europe. The countries of Switzerland, Holland, Denmark, France, and south Germany are countries in which widely distributed ownership prevails. On the other hand, Prussia, Great Britain, and Russia are still feudal to the core. It is the difference in the relation of these peoples to the land on which they dwell that explains the essential democracy of the former countries and the caste and aristocracy of the latter. The social position and political power of the ruling classes in the latter countries are due to their economic rather than to their political privileges. The privileged orders are weakest where the land is most widely distributed; they are strongest where the feudal system is least impaired. If a nation is reared upon land monopoly its political institutions will reflect monopoly. They are bound to be aristocratic. Those who own the land will own the government. And wherever the people are industrially free, wherever they own their own homes, political institutions will reflect that freedom.

With the enclosure of the land a change has come over the spirit of our life. Population is crowding in upon the cities. The energetic wage-earner, who formerly followed the western trail, is now entering the trades-union. Here he finds expression for the energy which formerly found an outlet in the West. It is this that explains the present industrial unrest. It is this that accounts for the political fer-

ment. No longer can the discontented improve his fortunes in another longitude. He must remain at home as a tenant or a wage-earner. The alternative of a homestead, which for three centuries relieved the pressure of the world, is now closed forever.

Such is the significance of the American West. Such are some of its contributions to our life. And this development of ours is not an isolated phenomenon. It is but a reflection of that which has gone before.

Thus it is, as Loria has said, that America offers a key to the enigma which Europe has sought for centuries in vain. Thus the land which has no history reveals the course of universal history. For just as the frontier offers a mirror in which the political, social, and industrial conditions of colonial times may be studied, so America offers a mirror of the evolution of the western world from the expansion of Rome down to date. So, too, the conditions which the countries of Europe now present, disclose to us the problems which we ourselves must presently face.

CHAPTER III

THE RAPE OF THE NATION

We have seen that the settlement of America was but the final act in a drama, whose beginnings coincide with the dawn of Western civilization. Century by century the process of nation-building has repeated itself, even the details being the same. This has been true in the enclosure of the American West. The experiences of Rome, of feudal Europe, of England, and of Ireland have been reproduced in almost every line of our public land policy.

When the Federal Constitution was adopted the United States was the undisputed owner of almost all the land between the Alleghany Mountains and the Mississippi River. This territory formed the first public land of the nation. The Louisiana purchase added 1,182,000 square miles to this domain, which was confirmed as to the Oregon country by the explorations of Lewis and Clark. The acquisition of Florida increased the public lands by 54,000 square miles, while the Gadsden purchase, by means of which the southern part of Arizona was acquired, added 25,000 square miles more. Texas, with an area of 265,000 square miles, was annexed in 1845; but as this territory had been temporarily independ-

ent, its unoccupied lands did not become part of the public domain. Leaving out of consideration the recently acquired Pacific islands, the total area of the public domain of the United States amounted to 1,849,072,587 acres, or about 3,000,000 square miles. Its cost to the nation was four and seven-tenths cents an acre.[1] This land was the unencumbered possession of the people. America was the greatest landlord in the world.

No such opportunity was ever offered to any people. One cannot help dreaming of the America that might have been had this imperial domain been retained as the common possession of the nation. Had the government reserved the title, and leased the land under proper protection for improvements in such quantities and as increasing population required, involuntary poverty need never have appeared among us, while homes for unnumbered millions would still be waiting in the prairies to the west of the Mississippi River. Under such a policy there would have been no million-acre estates held for speculation and idle uses. The Pacific railroads would not have acquired a twelfth of the total public domain. Instead of a nation in which one-half of the people have no homes of their own there would have been ample abiding-places for many times our present number. For were America settled as densely as is France, there would be room

[1] *The Public Domain*, Donaldson, pp. 14, 21.

for 480,000,000 people instead of one-sixth that number. Were the population no denser than it is in Germany, there would be accommodation for 800,000,000 people. For the empire of Germany could be laid across the face of Texas and still leave unoccupied an area three times the size of Switzerland.

America could support five times its present population in far greater comfort than that now enjoyed by a large portion of the people, had the public lands been allotted only as the needs of the people demanded. For the resources of America surpass those of all Europe. Had the nation reserved the title of the land and leased it to users, the colossal fortunes that have been contributed to the owners of city and suburban sites would have remained in the hands of the people. The same is true of the mineral resources. Instead of enriching a handful of men, who control, but do not develop, the iron, the coal, the copper, the oil, and the natural gas deposits, these resources would have remained the common heritage of us all. By means of periodic revaluations of the rental value we could have dispensed with all other taxes and maintained ourselves in affluence out of the increasing rents and royalties of the public lands. The mineral deposits could have been leased to private operators, just as many of them are to-day by their owners, and worked under such conditions as the Government saw fit to impose.

Under such restrictions no billion-dollar monopolies would have been created, competition would have continued as in other lines of industry, while the recurring wars of capital and labor would have been forever impossible.

Had such a policy been pursued, opportunity would still exist for unborn generations. In such a nation there would be no landlords and no tenants. The tenement and the slum would never have appeared with the disease, poverty, and vice which they inevitably produce. Crime would have remained at a minimum, for crime is the product of poverty and the lack of opportunity to work. In such a society wages would have been determined by the will of the worker, for opportunity would still be calling in the unoccupied prairies of the public domain. Then labor would have the alternative to work for itself. And this is always the determining factor in the fixing of wages.

There is nothing extraordinary about such a policy. It is not even difficult of execution. The Government has adopted just such a method in dealing with the land of the Indian tribes of Oklahoma. It has probably not been carried out with any critical justice for the Indians and yet the returns from this source are colossal.[1]

[1] The government has treated the Indians as its wards and leased their lands on a royalty basis. The Osage Indians number 2,230. Their reservation amounts to 1,470,000 acres. From this source, by means of grazing, oil and gas royalties, the selling of lots, and interest

But no such vision has guided our policy. To be quickly rid of our resources and on any terms has been a consuming passion with us. Human ingenuity could scarcely have devised a more wasteful policy than that which has been pursued. This was especially true during the decade which followed the Civil War. No demand on the part of the interests powerful in Congress was too extravagant to receive attention. It is estimated that up to the year 1890, 337,740,080 acres of the public lands were granted to corporations and states for wagon roads, canals, river improvements, and railroads.[1] This is an empire equal to one-sixth of

on funds, the income of the tribe for the fiscal year 1907 amounted to $1,351,577.66, or $606 for every man, woman, and child in the tribe. This is equivalent to nearly $3,000 a family. The royalty on the oil-wells is one-eighth of all the oil produced. The royalty on gas is $100 per annum for each gas-well in operation. The land belonging to the tribe is leased for a limited period subject to re-appraisal. A similar policy has been adopted as to other tribes. During the fiscal year 1907, the government collected for the Choctaw and Chickasaw Indians the sum of $652,875, from coal and other royalties, and from the selling of town lots. The royalties and other collections for the Cherokee nation amounted to $731,315.60, and for the Creek nation the sum of $237,245.99. In ten years' time, the coal and asphalt royalties of the Choctaw and Chickasaw nations amounted to $1,975,972.62. The total enrolled population of the Choctaw, Chickasaw, and Cherokee and Creek Indians was 98,000 and the amount which they received from the administration of their estates by the government in the form of ground-rent for the year 1907 amounted to $150 for every family of five in the reservation. See annual reports of the Secretary of the Interior.

[1] "The Populist Movement," by F. L. McVey, *Economic Studies* (American Economic Association), Vol. I, p. 153. A large part of these grants, however, was never actually patented by the grantees.

the total area of the United States, including mountain and desert lands as well as the territory of Alaska. It is an area ten times the size of Iowa, and three times the size of France, with its population of 39,000,000 souls.

A carnival of prodigality attended the construction of the Pacific railways. They took what they wanted of the public domain. In addition to a right of way across the continent of from 100 to 400 feet wide, with such land as was needed for sidings, stations, yards, and the like, a subsidy of every alternate section of one square mile each on either side of the right of way was added as an aid to construction. The subsidy to the Northern Pacific Railway consisted of alternate odd-numbered sections to the amount of twenty alternate sections per mile on each side of the road where the line passed through the territories, and ten alternate sections per mile on each side where it passed through the states, extending from the western boundary of Minnesota to Puget Sound and the Columbia River.

It is difficult to tell the amount of land that was authorized by these grants. It is even more difficult to ascertain the amount that was actually patented by the railways. The land originally granted has been estimated at 215,000,000 acres. The official estimate of the Government Land Office is somewhat less. It reports the grants at 155,514,-

994,000[1] acres, and the area actually patented by the railroads as 73,942,260 acres. This does not include 38,000,000 acres granted to the railways by the state of Texas.

But the land grants were not the only help which the railroads received. A loan of $60,000,000 was made to the Pacific railroads as an additional aid to their construction. This, of itself, would have built over 2,000 miles of railway across the continent. It would have saved a great portion of the West from railway monopoly forever and have furnished a standard by which rates and services for the rest of the country could have been measured.[2]

Scandals of many kinds arose through the dealings of the Pacific railways with Congress. These are the dangers always alleged to be incident to government ownership. Yet we are in a position to make a comparison of the relations of the government with the Pacific railways with its experience in the construc-

[1] *The Public Domain*, Donaldson, p. 268.

E. Benjamin Andrews, in *The United States in Our Own Times*, chap. 4, gives the land grants to the six Pacific railroads as follows:

Union Pacific Railroad	13,000,100 acres
Central " "	12,100,100 "
Northern " "	47,000,000 "
Kansas " "	6,000,000 "
Atlantic and Pacific Railroad	42,000,000 "
Southern Pacific Railroad	9,520,000 "
	129,620,200 acres

[2] "The Secretary of Interior stated: 'The entire road (the Northern Pacific) when completed, 2,700 miles, will have cost about $75,000,000 or at the rate of $28,000 a mile.'"—*The Public Domain*, p. 887.

tion of the Panama Canal, which is being built by the nation itself.

There has been no scandal, no bribery, no control of political parties in connection with the latter enterprise, for there is no great interest to corrupt the government. But the Pacific railways were given land enough alone to more than pay the cost of their construction. According to conservative estimates the grants of the Northern Pacific Railway alone were worth a thousand million dollars.[1] Had the land been sold by the government to settlers, who later purchased it from the railroads, five and possibly ten transcontinental railways could have been built from the proceeds of this grant. But this is only the initial loss. Ever since the grants

[1] "Mr. Wilson, for many years the Commissioner of the Land Department of the Illinois Central Railroad, . . . thought that if properly managed the Northern Pacific land would build the entire road connecting the then terminus of the Grand Trunk through to Puget Sound, the head of navigation on the Columbia, fit out an entire fleet of sailing vessels and steamers for the China, East India, and coasting trade, and leave a surplus that would roll up to millions. He deemed the probable value of the grant $990,000,000, its possible value $1,320,000,000."—*The United States in Our Own Times*, E. Benjamin Andrews, chap. 4.

If this estimate of the value of the Northern Pacific land grants is anywhere near correct and the cost of its building was not in excess of $75,000,000, as estimated by the Secretary of the Interior, ten transcontinental systems could have been built out of the sale of the lands and still leave a surplus. The Union Pacific Railroad received an average of $4.42 per acre for its land up to 1879. At this price the Northern Pacific would have received $207,740,000, or enough to have built three systems.

An exhaustive investigation of this grant was made by a committee of Congress, which reported that the entire cost of the North-

were made the government has been honeycombed with the corrupting influences which have grown out of the relationship. For years the Land Department has been struggling to recover millions of acres of agricultural, grazing, mineral, and timber lands, which have been fraudulently enclosed, in addition to the grants which the railways rightfully enjoy. The states of the West and the Federal employees have been corrupted by the same influences, while the whole nation is struggling under fictitious railway capitalization, inadequate trackage, insufficient shipping facilities, and excessive charges. Had Congress constructed the roads itself, had the nation been plundered by the most corrupt of contractors, it would still have received an immeasurably greater return than it has enjoyed under the policy which was pursued.

At the time these subsidies were granted public opinion was quieted by the assertion that only by

ern Pacific had been paid for out of the land grants, estimating the land as only worth $3.00 an acre, and that a surplus of $41,284,000 remained for the company. The committee said in its report to Congress: "The undersigned suppose that all that could be asked of the government in the exercise of the most prodigal generosity would be a sufficient amount of lands to enable the company to construct its road without costing it a single dollar of its own money, and as either of the foregoing hypotheses shows a surplus of many millions more than are necessary for that purpose it has occurred to them that it might be to the interest of the people of the United States generally to look somewhat after the surplus, whatever it may be. . . . There are no good reasons yet apparent why the people should pay the cost of its construction and present the company with a colossal fortune besides."—*The Public Domain*, Donaldson, p. 889.

these means would the West be peopled, and that through this settlement the remaining land would be greatly increased in value. To some extent this has been true. The railways were built some years earlier than they otherwise would have been. And land values were increased in consequence. But the price has been a fearfully costly one. Large parts of the West have been strangled in consequence. Millions of acres are still held by the railroads for speculative purposes, while great manorial estates, with hired men and a tenant class, are to be found wherever the railway grants were made. Out of these subsidies the bonanza farms of ten, twenty, one hundred thousand, and even a million acres have been carved. Many of these great feudatories cover whole counties. Some of them are larger than an Eastern state.[1]

Land-grabbers and ranchmen followed close behind the railways and appropriated great tracts of land

[1] As instances of the great estates which are to be found in almost every state of the West, many of which were made possible by the railway land grants, the following may be cited: "The Texas Land Syndicate No. 3 owns 3,000,000 acres in Texas, in which such English noblemen as the Duke of Rutland and Lord Beresford are largely interested. Another syndicate, the British Land Company, owns 300,000 acres in Kansas, besides tracts in other places. The Duke of Sutherland owns hundreds of thousands and Sir Edward Reid controls 1,000,000 acres in Florida. A syndicate containing Lady Gordon and the Marquis of Dalhousie controls 2,000,000 acres in Mississippi."—*The Menace of Privilege*, by Henry George, Jr., p. 36.

In addition to these the Marquis of Tweeddale owns 1,750,000 acres, Phillips, Marshall & Co. (London), 1,300,000 acres, the Scully estate 2,000,000 acres, the Holland Land Co. 4,500,000 acres,

from which they refuse to be dislodged. The railroads themselves have kept great areas out of use. The alternate sections, checker-boarded within the limits of the railway grants, have been fenced in. Actual settlers are denied access to them. By virtue of the lieu land laws, the railways are permitted to substitute new sections for those which the government has reserved for schools, forests, and other purposes. This power is used to cloud titles. By means of it mineral claims, developed by honest prospectors, are appropriated under some claim of title, and men who have spent their lives in the development of a property are forcibly ejected from their holdings, or exhausted by the delays and expenses of protracted legal controversies. By these and similar means whole commonwealths are arrested in their development; titles of property are rendered insecure, and great areas of land are closed to occupancy.

The history of the relation of the government to the Pacific railways has been one of stupendous folly. It has been one of the most costly experiences of the nation. The financial cost of the Civil War does not compare with the loss involved in our land policy. Not only were the railway grants capable of sustaining from ten to twenty million people in comfort; not only were the forest and mineral resources bar-

and a German syndicate 1,100,000 acres. Fifty-four individuals and foreign syndicates own 26,710,390 acres, an area greater than seven of the more populous Eastern states with a population of 8,359,000 people.

tered away in the process, but the entire West was so involved—politically, socially, and industrially—that it has remained as a vast feudatory to the Pacific railway systems. Its politics reflect the interests which control the railways, the land grants, and the resources of the country. In Congress and at home these interests struggle to stifle every expression of real democracy.

But the tale of our wastefulness does not end with the railway land grants. Probably an even greater area has been stolen by persons and corporations in conspiracy with the railways or the agents of the government. The extent of these fraudulent enclosures will probably never be known. In a recent issue of a popular magazine is a story of a poor German who landed in this country in 1850; of how he became the owner of 14,539,000 acres of the richest land in California and Oregon. His enclosures cover 22,500 square miles, an area three times as great as the state of New Jersey with its population of 1,500,000 souls. The story tells how one hundred men in the Sacramento Valley came to own 17,000,000 acres; of ranches of eight, twenty, and even one hundred miles in extent; of single estates twice the size of Belgium, bigger than all Switzerland, bigger even than the combined areas of New Hampshire, Massachusetts, Connecticut, and Delaware.[1] Other investigations

[1] *Everybody's Magazine*, May, 1905.

indicate that more than 150,000,000 acres have been illegally or collusively appropriated from the public domain.[1]

It is probable that from 250,000,000 to 350,000,000 acres of the public domain have been granted to the Pacific railways or illegally appropriated by persons and corporations in conspiracy with the agents of the government. We have no complete data on the subject, but the investigations made during the administration of President Roosevelt, as well as the disclosures in the federal courts, indicate that a large part of the best land of the nation has been acquired by dishonest means. The homestead entries covering a period of forty years amount to but 111,000,000 acres. The timber, stone, desert land, lumber

[1] An exhaustive study has been made of these operations by Mr. William R. Lighton, of Omaha, Neb., and published in the Boston *Transcript*. He says:

"Within the last fifteen years there has been stolen from the public domain not less than 150,000,000 acres; an area that would make thirty states of the size of Massachusetts, five states as large as New York, or three states as large as Kansas. When the truth is known —as it may be by and by—these figures will doubtless be doubled, trebled, or quadrupled. The present statement is one justified by present knowledge. A recent grand-jury investigation in California, backed up by other official inquiry, disclosed that one man alone in that state holds the title to nearly 15,000,000 acres, acquired within the time named by the flagrant processes of theft. There are dozens and even scores of men whose stealings will run from 10,000 to 1,000,000 acres or more, the extent of their grabs depending principally upon their ability to swing transactions to a successful issue.

"No reference is made to the solemn, semi-official chicanery of the railroad land grants or to the equally bald grants in the South-west, glossing over earlier pilferings. Those deals appear by comparison

culture, and coal land entries amount to but 51,000,000 acres more; 168,000,000 acres have been withdrawn by the government as forest preserves, while over 700,000,000 acres of mountain and desert lands (one-half of which are in Alaska) still remain unsurveyed. The grand total of lands accounted for by legal entry, authorized grants, or reservations falls short of the total lands of the nation by many hundreds of millions of acres. By a process of elimination it should be possible to ascertain how much of the public domain had been fraudulently appropriated. But no such inventory of our national assets has ever been taken.

By the processes indicated, America has been despoiled of an empire greater than the combined areas of the thirteen original states. Yet it has excited but momentary activity on the part of the gov-

impeccably honest and above reproach. This charge relates only to such downright, outright, deliberate stealings as cannot be described by any other name, bearing no stamp of formal official approval.

"Wherever there is a body of public land large enough to make a bait worth swallowing, there the thefts are going on. Lands of every description are included. Millions of acres in the rich wheat valleys of California have been stolen; millions of acres of grazing lands on the plains of Kansas, Nebraska, Dakota, Wyoming, and Montana have been stolen, not to mention the earlier stealings in the now almost devastated timber regions of Michigan, Wisconsin, and Minnesota; and now the lumber thieves are plying their shameless trade unhindered in the new fields of Mississippi and other undeveloped districts of the South; unnumbered acres of mineral land have been stolen—in fact, nothing worth stealing has escaped the clutch of these bold outlaws." See issues of Boston *Transcript* of May 20 and 27, June 3, 10, 17, and 24, and July 1, 1905.

ernment and aroused only isolated protests on the part of the press. Had some foreign power laid its hands upon one of the most worthless of our Pacific islets, the nation would have burst forth into a demand for war with all of its devastating cost in life and treasure.

It may be suggested that the reports to which reference has been made are the unscientific investigations of magazine writers. But official documents show conclusively the growth of land monopoly and the questionable methods employed to acquire possession of the public domain.

The Public Lands Commission, appointed by President Roosevelt, after an exhaustive inquiry, says:

"Detailed study of the practical operation of the present land laws shows that their tendency far too often is to bring about land monopoly rather than to multiply small holdings by actual settlers.

". . . Not infrequently their effect is to put a premium on perjury and dishonest methods in the acquisition of land. It is apparent, in consequence, that in very many localities, *and perhaps in general, a larger proportion of the public land is passing into the hands of speculators than into those of actual settlers who are making homes. . . . Nearly everywhere the large land-owner has succeeded in monopolizing the best tracts, whether of timber or agricultural land.* . . . Your commission has had inquiries made as to how a number of estates selected haphazard have been acquired. *Almost without exception collusion or evasion of the letter and spirit of the laws was involved.* It is not necessarily to be inferred that the present

owners of these estates were dishonest, but the fact remains that their holdings were acquired or consolidated by practices which cannot be defended."[1]

The growth of land monopoly and the proportions which it has already attained are confirmed beyond any question by the United States Census. These statistics tell a story quite as convincing as the more dramatic reporting of contemporary literature. From the Census returns of 1900 it appears that of the 841,000,000 acres of land under cultivation in the United States, 200,000,000 acres are in farms whose average size is 4,230 acres. These farms are owned by 47,276 persons. One-fourth of the total acreage of America is owned by .0006 of the population. The area so owned is considerably greater than the combined area of Germany and Great Britain. These nations support a population of 100,000,000 souls. Yet here in America a quarter of the cultivated land is owned by a handful of persons, whose total number is less than that of a good-sized suburb of an Eastern city.

So far as future generations are concerned, it is a matter of indifference whether these colossal holdings were obtained by fraud or by honest means. Monopoly is as oppressive in one instance as in the other. However they may have been acquired, the opportunity to make provision for the future has passed from us. This is a fact of portentous sig-

[1] Senate Document No. 154, 58th Congress, 3d Session, p. 14.

nificance. For man is a land animal. Upon the land all life depends. From it humanity draws its strength just as did the mythological Antæus. Everything that man consumes comes from the land. And the tribute which must now be paid by those who toil to those who own the land is determined by the law of demand and supply, population ever increasing, land ever constant and limited in amount.

CHAPTER IV

THE STRANGLE HOLD OF MONOPOLY

We have been prodigal beyond measure with our public lands, but we have been criminally wasteful in the disposal of our mineral resources. The face of the continent is underlaid with coal, iron, copper, petroleum, natural gas, lead, zinc, gold, silver, and other mineral deposits. Many of these minerals are almost as accessible as the air above, and only less inexhaustible. Nature set no limit to the generosity of her endowments. Not alone agriculture, but every conceivable industry was provided for, as though Providence had contemplated that in this new continent, a new race, free from the mistakes of the past, might try again the experiment of nation-building.

Yet within a generation these great gifts have been appropriated. They are owned against the claims of generations as yet unborn. This ownership is not primarily for use, it is not for enjoyment, it is for the purpose of excluding others who would use them from the opportunity of doing so. This monopoly of the resources of the country is as portentous to our life as is the enclosure of the land itself. For the civilization of the future is an indus-

trial one, and it is upon the raw materials of production that the life of to-morrow depends.

Men are still living whose memory goes back to the first timid experiments in the mining of anthracite coal. These ranges are limited to a small area in north-eastern Pennsylvania. But a comparatively few years ago the region was of little value. It is still covered with scrubby forests and is little suited to cultivation. Yet these barren mountain-sides have been capitalized at hundreds of millions of dollars. Shipments of coal have reached an annual aggregate of over 70,000,000 tons.[1] The labor cost at the mouth of the mine, as evidenced by testimony presented to the Interstate Commerce Commission, is less than $2.00 per ton. The freight rate to the seaboard is $1.55 per ton. The price to the consumer at tidewater is over $6.00 per ton.[2]

Upon this supply of coal the entire Eastern seaboard, as well as a large part of the central West, is dependent for light, heat, and power. Over ninety-six per cent. of the mines are owned or controlled by the eight great railroads which enter the region, and the price of coal is fixed, and the conditions of pro-

[1] According to the United States Geological Survey the total production in 1907 was 76,432,421 tons, and the value at the mines was $163,584,056.

[2] At a hearing held before the New York State Railroad Commission in 1900, the president of the New York, Ontario and Western Railroad made the startling admission that "without some restriction (such as railway control) stove coal would be a drug in the market at two dollars a ton."

duction are determined, by a little group of men, who, within a few years' time, have acquired possession of the mass of securities which overlay these properties. Through the merger of the railroads and the coal fields, stock and bonds in excess of $400,000,000 have been issued, a sum equal to nearly one-half of the present Federal debt. By means of the monopoly which has been acquired, a tribute is exacted from the American people of from $100,000,000 to $200,000,000 a year. Under the control of this syndicate 167,000 men are employed, and nearly 1,000,000 souls supported. The wages of the men, their hours of employment, even the prices they shall pay for the barest necessities of life, are determined by a Wall Street syndicate, indifferent, and largely ignorant, of the industry which it controls, except as its operations affect the stock market.

Here is a deposit of nature which all of the wisdom of science and all of the ingenuity of man could not reproduce. Upon its use the transportation, industry, heat, even life itself, of a large portion of America depend. Yet it may not be used, may not be brought to the surface, and may not be conveyed to market, except upon the permission of those who have acquired the title-deeds of ownership against 80,000,000 of their fellow creatures, the joint heirs to this bounty of Providence.

In 1859 petroleum was discovered. This discovery has given birth to a dozen fortunes which

run into the hundreds of millions. In fifty years' time open-hearted nature has poured forth wealth to the value of billions. Upon this prodigal endowment an industrial fabric has been reared whose tributaries, like those of a mighty empire, include transportation systems by land, and navies by sea, as well as mines of gold, silver, copper, and coal, richer by far than those of the Incas; while banking, insurance, and myriads of other industries, whose ramifications no one completely knows, carry its influence to every corner of the earth.[1] Its employees exceed in number the army of Napoleon at the battle of Waterloo, and its financial dealings surpass in amount the budget of the Federal Government. No hamlet is so obscurely hidden and no nation is so powerful that it does not pay tribute to the system which has been erected by the master hands who have woven the influence of "Standard

[1] At the investigation of the Standard Oil Company in New York in November, 1908, one of the officials of the Standard Oil Company, at the request of the counsel for the Federal Government, produced a list of the oil, gas, and pipe-line companies owned or controlled by the Standard Oil Company. This list included 117 companies with a combined capitalization of $328,301,495. This included the Standard Oil Company of New Jersey at its par value. Were it included at its market value and the other corporations at their par value the combined capital value of these companies alone would exceed three-quarters of a billion dollars.

No report was made of the mining, railway, franchise, land, banking, transmission, and manufacturing corporations owned or controlled by the Standard Oil Company or its chief stockholders. But from what we know of the influences and control of the men who are identified with that corporation, the stock holdings which they control must equal many times the above sum.

Oil" into the political, industrial, financial, and even the educational life of America, until no activity and no industry is free from it. Petroleum pours forth from the earth almost as freely as do the springs from the mountain-sides.[1] It is one of the great civilizing agencies of the age. Through its use much of the culture and enlightenment of the last century has been made possible. It has relieved the drudgery of the farm and the cottage; it has made possible the universal education of the people. Yet this fountain of nature has passed into the hands of men who have not only monopolized the output but have controlled the means of communication, so that every other producer has been subject to its will in the bringing of oil into use.

But a few years after the discovery of petroleum, natural gas burst from the earth. Here was light and fuel, distilled in nature's laboratories, adequate for the needs of the great central West. It was almost as free as the waters of the Great Lakes. Here was fuel for the upbuilding of the industries of a third of the population of America. Here was light, heat, and power adequate for generations as yet unborn. Yet in a few years' time these reservoirs of nature have been overlaid by title-deeds, held most largely by those who had already made petroleum their servant, and whose incomes are being aug-

[1] In 1907 the value of the petroleum produced amounted to $120,106,000.

mented by unknown millions each year from this mysterious source.

State after state is also underlaid with broad acres of bituminous coal. These deposits run from the Alleghanies to the Rockies. From the original owners they passed to independent operators; from the independent operators they have largely passed to the railroads. In Pennsylvania, West Virginia, Ohio, Indiana, Illinois, Missouri, and Colorado, the alliance between the coal mine and the railway has long been complete. There is scarce a great railroad system that does not own or control great areas of bituminous coal. In many instances their holdings have been increased, independent operators have been crushed, and competition has been killed by the methods repeatedly laid bare by the investigations of the Interstate Commerce Commission. The long-familiar practices of the oil industry, of discriminating freight rates, alleged car shortages, and intimacy of ownership, have placed operators, as well as whole sections of the country, under the arbitrary control of the public carriers of the nation. This community of ownership between the railroads and the coal companies is now prohibited by Federal statute. The letter of the law may be observed, but community of interest, through the common ownership of the capital stock, cannot be reached by statute or by criminal prosecution.

In the bituminous, as well as in the anthracite coal industry monopoly is the result of legal rather than of illegal means. This is true of every monopoly that is identified with the land. It is not the law-breaker, it is the law-maker, who is responsible for this sort of monopoly. For the right of private ownership carries with it the right of unlimited ownership. And unlimited ownership carries with it the right to do as one wills with one's own, whether it be a jack-knife, a coal mine, or a great railroad system.[1]

It is little more than a score of years since the low-lying hills of northern Michigan, Wisconsin, and Minnesota disclosed their untouched treasures of Bessemer ore to man. In 1884 the Vermillion and Menominee iron mines were first opened up to use. Eight years later the Mesabi range, then, as now, a trackless timber waste, was uncovered, and close below the surface wealth more fabulous than any Comstock or Kimberley lode was laid bare. Here were the foundations of the civilization of tomorrow. For steel was soon to be king. And here is Bessemer ore, whose value in the ground has been estimated by officials of the Steel Trust at from one to two thousand million dollars.[2] Here is the structural basis of the railway, the steamship, the factory,

[1] The value of the output of bituminous coal in 1907 was $451,214,000. The industry employed 513,258 men.

[2] Report of Industrial Commission, Vol. XIII, (Washington) p. 472.

the office building, and the home. Here are the means for the conveyance of water, of gas, of heat, and of power. To-day eighty-eight per cent. of the iron ore of the United States comes from these barren hillsides. The ore is mined by open surface cuts, as cheaply and as easily as if it were the sand by the sea. It costs but a few cents a ton to mine the Mesabi ore. It involves no more labor cost than the removal of a ton of dirt. Yet almost all of these deposits have passed under the control of the United States Steel Corporation. It has more recently acquired the vast deposits in the South through the purchase of the Tennessee Coal and Iron Company. It indirectly controls the Colorado ore field as well. It is this monopoly of the raw materials of production that enabled the promoters of the Steel Trust to capitalize it at a billion and a half dollars. It is through this means that it dominates the markets of America if not of the world.[1]

The Steel Trust is invincible, not because of the skill, talent, or industry of its promoters; not because of the plants, mills, or furnaces which it has erected. The power of the Steel Trust lies in its control of the iron-ore mines of the Lake Superior region and of Alabama, Tennessee, and Colorado, together with the coking coal, gas, and limestone quarries of Pennsylvania. These, with the prohibi-

[1] The value of the iron-ore production in the United States in 1907 was $131,996,000.

tive tariff which the iron and steel interests have obtained, make its control complete. For the Steel Trust owns from 60,000 to 80,000 acres of Connellsville coal. It produces something over one-half the coke of the United States. This is the best coking coal in the world. "There is no more Connellsville coal," said Mr. Charles Schwab, the former president of the steel corporation. "You could not buy it for $60,000 an acre. . . . Every acre of it is very highly prized, and that is owned by all these constituent companies *in toto*."[1] The company also owns 98,000 acres of gas and oil lands.

Only less marvellous than the story of anthracite coal, of the gas and the iron-ore deposits, is the story of copper. In northern Michigan, in Arizona, and in Utah are copper deposits whose only rival is the Rio Tinto in Spain, owned by the Rothschilds. Of these, the Calumet and Hecla is easily chief. The par value of its stock is $25.00 a share. Of this but $12.00 a share has ever been paid in. The shares of this company have recently sold as high as $1,000, and its quarterly dividends exceed the original payments for the stock. Copper has made many multimillionaires, just as it has wrecked many bank clerks. The annual value of the copper output of America exceeds $173,799,000, and the control of the markets of America now rests in the hands of the same men who have laid their hands upon the iron,

[1] Report of the Industrial Commission, Vol. XIII, p. 464.

the oil, the gas, the coal resources, and the railways of the country. All society is paying tribute to these men. For copper, next to coal, iron, and steel, is the most universal necessity of modern industrial life.

All over the land the needs of a great civilization were anticipated by Providence. Here were resources adequate for uncounted millions of people. If it is possible to infer any divine purpose in the ordering of the universe, surely these deposits of wealth were designed for the use of all the people, rather than the exclusive ownership by a few. Yet no state in the Union has so much as reserved a royalty for their use, and no community has placed them upon the tax duplicate at much more than their farming value. Yet a moderate royalty upon the mineral output of the country would have been sufficient to pay all of the present expenditures of the Federal Government.[1] Nature, generous to a degree, has been thwarted by laws of our own making. Society, with even less wisdom than the wild animals of the forest, has erected barriers between itself and its inheritance. Within less than a generation, these

[1] The United States Geological Survey for 1908 gives the value of the mineral output of the country for the year 1907 as $2,069,289,196. Pig iron is valued at $529,958,000; copper at $173,799,000; bituminous coal at $451,214,000; anthracite coal at $163,584,000; petroleum at $120,106,000; and natural gas at $52,866,835. Had the government retained a royalty on the mineral products of the country of 25 per cent. the revenues of the nation would have amounted to $517,322,299, or almost the sum which is now collected by the government from the customs and the internal revenue system.

gifts, which but a few years ago were valued as agricultural land, have been massed under the control of Wall Street. From year to year the control is narrowing, until in a few years' time practically all of the mineral resources of the country, whose present annual production exceeds two billion dollars, will be under the dominion of a very few men. That such a power should be enjoyed by any irresponsible set of individuals seems as contrary to any proper ordering of society as that the air should be enclosed, and its enjoyment be made the subject of an arbitrary toll.

Closely allied with the resources of the nation are the great transportation systems. They are the arteries of our life. During the last few years system has been added to system until nearly 200,000 miles of railway have been merged into a half-dozen groups, with a combined capitalization of over nine billion dollars.[1] Within these syndicates three-fourths of the mileage of America is held, while each group, in turn, is bound to the other by a community of interest, by fear, or by agreement, so that for all practical purposes the transportation agencies of the nation act as a unit. Their ultimate consolidation into a single monster corporation is not an inconceivable thing to forecast, or an unreasonable thing to expect.[2]

[1] See Moody, *Truth about the Trusts.*

[2] On the death of Mr. Harriman in 1909 it was authoritatively stated that he "absolutely controlled" 21,939 miles of railway, and "dominated" 65,176 miles, or one-fourth of the total mileage of America.

Already the industrial life of the nation rests in the hands of these Titans of finance, who, in recent years, have made use of the banks and insurance companies to secure control of the resources and transportation agencies of the country. For whoever controls the highways controls the vital organs of society, and when to this is added the raw materials of production, the dominion is complete. The tribute which may be taken is like the spoils of a Roman conqueror. From the decision of the owner there is no appeal, for of competition there is none. By the stroke of a pen hundreds of millions of dollars may be transferred from the pockets of the people to the pockets of the owners of these great interests. The advance in the published freight rates upon all the railroads in the country in the year 1900 was probably not less than twenty-five per cent.[1] During the four years from 1899 to 1903 $155,000,000 was added to the earnings of the railways through the increase in freight rates alone.[2] An insignificant increase in the price of oil, of coal, or of copper produces a similar result. It is by such means as these that the wealth of the producers of America is surely and stealthily being appropriated. It is by this process that the pennies of the millions are becoming the millions of the few.

It is impossible to ascertain the extent to which the wealth of America has been massed within the past

[1] Report of Industrial Commission, Vol. XIX, p. 285.
[2] Senate Document No. 257, 58th Congress, 2d session, p. 8.

ten years, but an examination of Moody's *Truth about the Trusts* discloses the extent to which the Standard Oil, Rockefeller, Morgan, Ryan, Elkins, Widener, and Havemeyer interests have secured control of the railways, the mining, the franchise, and the protected industries, whose combined capitalization amounts to approximately twenty-five thousand million dollars.

Incredible as is this exhibit of wealth, it is but the beginning of the enumeration. It does not include the great fortunes, like the $450,000,000 Astor estate, which have come from city land values; it does not include the gold and the silver mines, the franchise corporations, the insurance, banking, and other fortunes; it does not include the multitude of industrial combinations, which, through the manipulation of the stock market, have fallen under the same control.

Such a mass of wealth staggers the imagination. The thought of millions conveys no impression, even to those accustomed to think in big figures, while thousands of millions are like the astronomical distances which separate the stellar bodies. Yet within the control of a score of men is a calculable sum in excess of the total wealth of the United States at the close of the Civil War. It amounts to more than one-fifth of all the wealth of the country, as ascertained by the Census in 1904.

CHAPTER V

THE TOOLS OF PRIVILEGE

How has this colossal mass of wealth been acquired? By what means have a few men, unconnected with the fields of industry, and in many instances wholly ignorant of its processes, been able to acquire possession of the railways, the franchise corporations, the protected industries, the mineral resources, and a great part of the land of America, whose increasing earnings, like a mountain, rest on the backs of humanity? For the properties so acquired are the most profitable in the country. By an unfailing instinct the natural monopolies have been appropriated first. How has this been achieved? How has it been possible for a handful of men to acquire possession of wealth in excess of that which the 16,000,000 workers of America, at the current rate of wages, could produce in two long years? By what means has the United States been changed from a country in which opportunity seemed open to all for many generations to come, to the conditions which now confront us?

A short generation ago all this would have seemed impossible. Yet nothing was simpler. We hung our treasures in the streets, and now wonder why

they are gone. Not content with exposing them to the first comer, we created the means for carrying them away. We asked men to appropriate our mineral resources, and then passed tariff laws to make monopoly inevitable and invincible. We turned over the highways to private hands, and now wonder why they are managed as a private business. We encouraged land monopoly, and are now amazed at the growth of a peasant tenantry. Having done these things we then created the most perfectly adjusted financial machinery for completing the process.

In 1896 "the money monopoly" seemed a heated Populistic phrase. Within the past few years the methods of banking have been laid bare. Scattered all over America are savings and trust companies whose deposits range from a few thousands to tens of millions of dollars. In these banks are the savings of the rich and of the poor. In the larger interior cities, like Chicago, St. Louis, Cleveland, and Pittsburg, are banks which are used by the smaller towns for the purpose of clearance. Here the inland banks maintain reserves for the easier transaction of their business. And just as the smaller banks make use of the inland cities as depositaries, so the latter make use of the banks in New York for the same purpose. By this means Wall Street has become the financial reservoir of the nation. Here the money and the available credit of America is gathered, just as the

local bank gathers the pennies, dimes, and dollars of the people.

For years Wall Street has been the centre of foreign exchange. It is the clearing-house of America. These functions it still performs. They are of great value to the complex industrial relations of the modern world. Here, too, is the government sub-treasury. Here are banking institutions whose operations rival in magnitude those of the Bank of England. Here are the trust companies whose powers are more ample than those of any bank in the world. Through these agencies the business of America passes. Through the government sub-treasury, the trust companies, the banks, and the insurance companies, credit transactions circulate to the uttermost extremities of the land. Wall Street is the centre of the circulatory system of the nation.[1]

Closely identified with the banks are the great insurance companies, whose agents in every part of the country gather up the savings of the people, precautionary investments for old age or some calamity of nature. These premiums also flow to Wall Street. These premiums together with the reserves likewise run into the hundreds of millions of dollars.

All of these agencies run and ramify into each other. They have the same stockholders, the same directors, the same officers, and the same interests.

[1] The clearances of New York during the year 1909 amounted to one hundred billion dollars.

The trust companies are organized and controlled by the directors of the insurance companies. The same men own the national banks. A few score of men practically control the available money of America. They not only have the use of the local deposits of New York, but of the balances deposited with them by the West. They can increase these deposits at will by putting up the rates of interest on call money to any point they desire. This lures still more deposits from the inland banks. In addition the group of men who have acquired control of the great financial institutions in New York, control or have an interest in banks and trust companies from the Atlantic to the Pacific. This is true even of the banks of the smaller inland towns. Thus the money, and what is more important the credit, of America has been monopolized. Whoever owns the means of credit controls the industrial life of the nation.[1] All industry is subject to its will. Upon the favor of these financial interests great railroad systems are dependent. The richest corporation in the world can no more ignore this combination than

[1] This was demonstrated by the panic of 1907. It was a money and not an industrial panic. It was produced by Wall Street speculation. Values had been carried upward and upward by the use of banking loans. They collapsed by their own weight, and caused such a dislocation of credits that the whole industrial world shrank in consequence. The control of the credit of the nation by Wall Street makes it practically impossible to carry through any railway, mining, franchise, or other big project without the consent of those who control the situation.

can the smallest industry or the Western farmer. It can depreciate the price of government bonds or embarrass a transcontinental railway system. This monetary syndicate can win favor by its favors, or wreak vengeance on those who oppose it. The savings of the people, deposited with their local bankers for safe keeping, have thus become the basis of financial transactions the most stupendous the world has ever known. They exceed in size the financing of a great modern war. Penny by penny, and dollar by dollar, the savings of 80,000,000 people have been lodged in the hands of a few men, related by social and business ties, perfectly understanding one another, and bent upon the same common purpose.

It is for the use of these savings that the Titans of finance go to war. It was to control the premiums and reserves of the insurance companies that men paid millions for these properties. For the deposits are controlled by the directors and trustees. They can loan or invest them as they wish. The prices of securities are put up or down as the will of the syndicate dictates. Through this control of the ready money of America the stock market is manipulated.

The community of interest which has heretofore existed among the larger financial interests of New York has recently been converted into actual ownership by two single groups. These are the Morgan and the Standard Oil. The "money monopoly" has become a reality. Late in 1909 Wall Street

announced the acquisition by these two groups of two of the largest insurance companies, as well as of a number of the largest banks in New York and the West. Six persons were named, under whose control financial institutions had passed, with capital, surplus, and reserves amounting to over a billion and a half of dollars. Nobody knows the institutions controlled outside of the metropolis, but they include not only those of the larger but of the smaller inland cities as well. It is not too much to say that the banking resources and credit of the country are largely, if not almost wholly, within the control of the Standard Oil and Morgan interests.

This is by far the most portentous fact that could confront any people. The life of the modern world is a financial life. It is carried on by banking and credit transactions. Those transactions have fallen under the dominion of a group of men, who could be enumerated on the fingers of one hand. Through the direct and indirect control of the banks and trust companies of America, all business, all commerce, all transportation, all of the necessities of life, have become subject to their dominion. The daily, weekly, and monthly press must seek their loans from this syndicate. Competing industry must go to it for the right to live. The politics of city, state, and nation are already largely fashioned by its will. Some conception of the extent of its ramifications in the field of industry may be seen

from the fact that prior to the mergers above referred to "the directors of the National City Bank, the head of the Standard Oil group, and of the National Bank of Commerce, the head of the Morgan group, hold over a thousand directorships in transportation, industrial, and other commercial corporations."[1] By means of the financial resources in their hands the railways and industries of the country were brought under monopoly control in the closing years of the last century. Dr. Wm. A. Scott, professor of political economy at the University of Wisconsin, describes the extent to which this has already gone. He says:

"The Morgan, Vanderbilt, Pennsylvania, Gould-Rockefeller, Harriman-Kuhn-Loeb, and Moore groups, and their more recent successors, represent the achievements of high finance in this field, and great achievements they have been, involving the bringing together under the management of less than seven groups of financiers nearly 2,000 railroad corporations, representing more than 200,000 miles of track and a capitalization of about thirteen billions of dollars. (Moody's *The Truth about the Trusts.*)

"In the industrial field the achievements of high finance have been scarcely less remarkable. By January 1, 1904, *seven great industrial trusts* had been developed, controlling 1,528 plants with a capitalization of more than two and a half billion dollars, and 298 *lesser industrial trusts*, controlling more than 3,000 plants, capitalized at over four billion dollars. By January 1, 1908, the great trusts controlled over

[1] *A Decade of High Finance*, p. 7, by W. A. Scott, Ph.D.

1,600 plants capitalized at nearly three billions of dollars, and the lesser ones over 5,000 plants capitalized at over eight billions of dollars. To these should be added the so-called franchise trusts, controlling about 2,500 plants capitalized at over seven and a half billions of dollars." [1]

Control of the banking resources and through them of the stock market has been the means by which the control of industries has been brought about. Through this control the cost of living and the material well-being of the people are influenced.

"The Standard Oil and Morgan federations have well-nigh attained such control. Through the directorate of groups of railroad and industrial corporations they are able almost at will to increase or decrease the earning power now of this enterprise now of that. . . . Through reorganization schemes they can water the stock of a concern until even huge earnings yield only insignificant dividends. Being themselves possessed of great wealth and holding large blocks of securities, they can place so much pressure on either the supply or demand side of the market as to force prices in the direction desired. Through their control of great banks and trust companies they may increase or diminish the amount of funds available for investment and speculation." [2]

Upon the savings of the people, gathered together like the rivulets which gradually grow into a mighty stream, has been erected a financial feudalism which is gradually absorbing to itself the industrial wealth

[1] *A Decade of High Finance*, p. 7, by W. A. Scott, Ph.D.
[2] *Idem*, p. 21.

of America. In the transactions of the directors of these financial institutions there is no breach of trust. No wrong thing has been done in the use of the country's credit. But the result has been the complete subjection of the American people to a power, whose ruthlessness or generosity is only a matter of the wish of those who control the system. Through the control of these funds, railroads, mines, industries, and franchise corporations have been taken over. Syndicates are formed among the banking interests. They make loans to themselves of other people's money. Competing properties are purchased. When ownership is secured the properties are consolidated. Securities are then watered. These in turn are sold to the people whose money has been used to effect the monopoly. No new wealth has come into being in the process. Nothing has been added to the properties. Only the tribute of those who toil has been increased.

Herein is the machinery by which the wealth of America has been cornered. It was by such methods as these that the great combinations of the last few years have been carried through. By this process the anthracite coal monopoly came into being. Thus the Steel Trust, with its billion and a half of securities, was fastened upon the American people. By these means the beef, the sugar, the tobacco, the copper, and many other trusts were created. According to the census enumeration of 1900 the wealth

of America was $94,300,000,000. At the same time there were over 440 industrial franchise and transportation monopolies with a total capital of $20,379,162,000, or more than one-fifth of the total census wealth of America. Most of these combinations had come into existence in the preceding half-dozen years.

Only surviving exceptions give reality to the banking business as described in the books, just as surviving examples of independent coal, iron-ore, sugar, and meat producers give reality to the competitive principles of economic science. To such an extent is the credit of America being used for speculative purposes, for the upbuilding of monopoly interests through pools, corners, and syndicates, that the producing industry of the nation is being starved. Money needed for local industry is being used in Wall Street for purposes of speculation. When call loans command in the East from ten to thirty per cent., banks will not make time loans to their local customers at six per cent. For money flows to the point of highest return almost as readily as water flows to its lowest level.

This is the lamp of Aladdin by which the resources of America have been cornered. The stock exchange is the tool of these money interests. Prices are made at will. So is the news which the speculative world reads with avidity. Day by day the presses are kept busy printing certificates of servitude upon the people. They cost no more than the greenbacks issued

by the government during the Civil War. But they are far more costly. The Treasury notes were issued for labor. And labor could and did retire them. But the inflated securities of monopoly are mortgages in perpetuity upon the labor of mankind.

Even without these tools monopoly would have appeared. It would have been a slower process. The laws of the land make monopoly inevitable. For monopoly is not due to illegal combinations in restraint of trade. Nor is it due to the skill, talent, or great ability of the master-minds of industry. Monopoly is created by law. It is born of law-made privilege. It is not the law-breaker who is at fault, it is the law-maker. The menacing monopolies which have come into being are almost without exception traceable to four sources. The chief of these is the monopoly of the land. To this are traceable the coal and the iron, the oil and the copper, the gas and the timber monopolies. It is the monopoly of the iron ore and coking coal that has given the Steel Trust the control of the markets of America. The same is true of the copper and the anthracite and bituminous coal monopolies. It is true of the oil and the gas. It is not the wells, the refineries, or the furnaces, it is the control of the raw materials that lies at the root of these monster combinations.

The second great source of monopoly is the private ownership of the highways of the nation. The railways are natural monopolies, and the coal, oil, iron,

and steel combinations are affiliated with them. In many instances the ownership is identical. The oil monopoly was born of this intimacy, while the beef, the packing, the warehousing, and scores of minor monopolies have had their inception and continue their control of the market by the ownership of private car lines, by ingenious preferential rates, by privileges of countless kinds which are only possible through the joint control of the railways and the industry itself.

The third great privilege is that of taxation. The tariff is the mother of many trusts. It shields many others which are identified with the railways and the land. In this class are the sugar and the tobacco, the leather and the woollen, the harvester and the cotton, the iron, steel, copper, lumber, paper, and many other combinations.

The fourth source of monopoly is the direct action of the government itself in the creation of exclusive grants, of which the franchises of our cities are the chief. The rights of way which they occupy are exclusive. There is no possibility of competition. The laws have been drafted by the privileged classes. Once granted, franchises cannot be amended or repealed. Upon these franchises billions of securities have been issued, upon which excessive rates and charges are fixed.

Nine-tenths of the monopolies of to-day are the children of our own creation. They have arisen

through no violation of the law. They have been invited by the law itself.

Almost without exception they are identified with the land, or are buttressed by some legislative act, which gives them a monopoly of the market or of the service which they render. The law itself offers a sheltering arm to monopoly from the competition which lies at the life of other business. And the watered securities which spread like a mortgage upon the people of America represent no labor on the part of those who issued them. No new wealth has come into existence through this addition of billions of securities to these corporations. Monopoly does not make the grass to grow, or the wheels of industry to turn. Far from stimulating production, monopoly causes production to die. For monopoly means scarcity. It reduces the output of field and factory, and erects a barrier about the nation by means of a tariff wall for the purpose of limiting the supply of wealth.

Yet, while no wealth has come into being by this process, those who labor are the poorer by reason of it. It cannot be otherwise. The dividends of privilege can only mean cold, hunger, and want for the millions, just as they mean idle luxury for the few. This is the meaning of monopoly; this is part of the cost of the private ownership of the highways and the resources of the earth.

CHAPTER VI

THE NEW SERFDOM

Along with the enclosure of the land there has gone an increase in tenancy as well as in the size of farm holdings. The free home-owner is diminishing in comparison with the tenant, while the small farm is being overshadowed by the large estate. These movements are already well under way. They characterize the East as well as the West. The rapidity of the change is startling. We are fast becoming a nation of tenants, and from now on the movement will in all probability continue at an accelerated pace.

Conclusive proof of the increase in tenancy appears from the reports of the United States Census. It is evident in agricultural as it is in urban homes. In the year 1880 the number of farms operated by owners was 74.5 per cent. of the total. This was in the midst of the flood tide of Western migration, when the country was recovering from the depression of the previous decade. The homestead law was calling to the West the dispossessed of all the world. Here was land in abundance, which the nation and the states desired only to see appropriated.

By 1890 the number of farms operated by owners had diminished to 71.6 per cent. of the total. During the decade from 1890 to 1900, a decade coincident with another period of industrial depression and recovery, the decline in farm ownership amounted to a rush. By the close of the century the percentage of farm ownership had fallen to 64.7 per cent. of the total.

In the twenty years from 1880 to 1900 cash tenants increased from 8 per cent. to 13.1 per cent. of the total, while share tenants increased from 17.5 per cent. to 22.2 per cent. The increase in the cash tenants was even more marked than the increase in the number of tenants with an interest in the soil.[1]

An increase in tenancy may be expected in any growing country. The increase in population makes it inevitable. But that tenancy in America should have increased with such rapidity is startling. And the census enumerators have given the most favorable construction possible to the returns. They have included as "owners" all those who were "part owners" as well as those who were "owners and tenants" and "managers." They have helped the pros-

[1] The distribution of farm ownership during these years, according to the census of 1900 (Vol. V, Twelfth Census), is as follows:

Year	Owners	Cash Tenants	Share Tenants
1880	74.5 per cent.	8 per cent.	17.5 per cent.
1890	71.6 per cent.	10 per cent.	18.4 per cent.
1900	64.7 per cent.	13.1 per cent.	22.2 per cent.

perity theory as much as statistical license would permit. For this reason the census showing of farm ownership is much more favorable than the real conditions warrant. For in 1900 only 54.9 per cent. of all the farms were operated by full owners, while 45.1 per cent. were in the hands of tenants, or tenants with some sort of interest or ownership in the soil.

Startling as is the extent of tenancy, the ratio with which it has increased during the past twenty years is far more startling. From 1880 to 1900 the number of farms of all forms of tenure increased from 4,008,907 to 5,739,657, or an increase in farms under cultivation of 1,730,750. The farms operated by owners increased 729,065, or 24.4 per cent.; the farms operated by cash tenants increased from 322,357 to 752,920, a gain of 430,563, or 133.6 per cent.; while the farms operated by share tenants increased from 702,244 to 1,273,366, a gain of 571,122, or 81.3 per cent. The percentage of increase in cash tenancy was five and one-half times the percentage of increase of ownership, while the percentage of increase in share tenancy was nearly three and one-half times as much as the percentage of increase in ownership.

Year by year, and decade by decade, the loss in farm ownership has continued. It is not confined to any one section or to any form of agriculture. The relative number of owners has everywhere de-

creased, while the relative number of tenants has everywhere increased.

When the acreage involved in various kinds of occupancy is considered, the extent in the decline of ownership is even more discouraging. By the close of the century exactly one-half of the acreage of farming land had passed under tenant or qualified owner occupancy. Of the 841,201,546 acres of land under cultivation, 422,354,923 acres were in the hands of "owners." The other half was operated by "tenants," "part owners," or "owners and tenants," and "managers." And even if we include as "owned" all farms except those operated by cash and share tenants, the area of the lands cultivated by pure tenants amounted to 195,072,457 acres, representing a value of $4,750,888,795.[1]

This decline in the percentage of home-owners is just beginning. The next generation will see an even more rapid change in this direction. The growth of population will, of itself, produce this result. For the area of America cannot be increased. The exactions of the railways, of the meat-packers, of the elevators, the warehousemen, and stock yards will promote the tendency still more. A period of hard times, involving an increase in mortgage indebtedness, will still further stimulate it, so that from this time on a relative decrease of farm ownership may be expected.

[1] Twelfth Census, Vol. V.

This growth of tenancy has been accompanied with a steady increase in the size of farms. During the fifty years from 1850 to 1900 the farm land under cultivation increased from 293,560,614 to 841,201,546 acres. The census enumerators have claimed that the statistics indicated a decrease in the size of farms in recent years. But comparisons have been made with the returns of the year 1850 before the West was opened up to settlement. If we take the census of 1880 for comparison, it appears that the average size of farms has increased from 133.7 acres in 1880, to 146.6 acres in 1900. And while something more than one-half of the total number of farms are still under 100 acres in extent, it is the total acreage held in large and small farms that indicates the tendency. Of the total area under cultivation, 200,324,045 acres, or one-fourth of the total, are in farms of 1,000 acres and over. In twenty years' time the number of farms in this class has increased from 28,578 to 47,276, while the average size of these farms of over 1,000 acres is now 4,237 acres. In other words, twenty-five per cent. of the farm acreage of America is held by the insignificant fraction of .0006 of the people. There can be but little comfort in a division of the continent under which less than 50,000 persons own 200,000,000 acres, an area far greater than that of either France or Germany, and almost exactly equal to the combined acreage

of Germany and the United Kingdom, with their population of 100,000,000 souls.[1]

Upon this imperial domain, a hierarchy of owners and laborers, of landlords and of tenants, has arisen not unlike the feudal order. Had an intelligent foresight guided the distribution of the public land, from ten to twenty million people might have been homed on this area with farms of fifty acres each. Twice that number could have produced a more comfortable living than many city workers now enjoy. Towns and cities would have arisen and industries would have been called into existence employing millions of other workers. There would have been social and political freedom, for freedom is always stimulated by home ownership.

It has been suggested that this increase in tenancy may be a good rather than a bad thing. Tenancy, it is claimed, may mean that the wage-earner is being called back from the city to the country; that the blacks of the South are taking up small patches of ground formerly worked on the plantation system, and that farmers who have acquired a competence are leaving the country for the cities, the better to

[1] In addition to these great estates the Census of 1900 shows that 103,289,564 acres are held in farms whose average size is 210.8 acres; 129,686,228 acres are held in farms whose average size is 343.1 acres, and 67,878,349 acres held in farms whose average size is 661.9 acres. Taking the country as a whole 501,186,000 acres are in farms whose average size exceeded 200 acres. Only 340,000,000 acres of the 841,201,546 acres under cultivation were in farms of less size than the homesteads allotted by the government.

educate their children, or to pass the declining years of their life in comfort.[1]

That the negro should be his own hand rather than another's; that the farmer should go to the city to educate his children; that the wage-earner should leave the shop for the fuller opportunity of the countryside—that all these changes may make for economic improvement and well-being of these classes is true. But that tenancy on the part of the farm hand, the wage-earner, or the negro is a good thing for any one but for him who partakes of another man's labor, it is difficult to believe. For that is what tenancy means. It always means that some one must labor in order that another may be idle. And the more industrious the tenant, the greater the productivity of his labor, the greater the demand for land by those out of work, the higher will

[1] This is suggested by the Director of the Census. Commenting on the increase in tenancy which the last census indicated, he said: "A change of the same essential character took place between 1880 and 1890 in each of the five geographic divisions. The relative number of owners everywhere decreased and that of cash and share tenants increased, the share tenants in a less degree than the cash tenants. The change in this character which took place in the decade 1880 to 1890 attracted great attention. It was taken for granted almost universally that the number of tenants was increasing at the expense of the number of the owners, and that the movement expressed by the increase of tenancy was an ill omen for the republic. That there is another way of viewing the changes here recorded, and that in some respects the popular conclusion overlooks some very important social facts, is evidenced by the point brought out in the discussion of the facts of Tables LXV and LXVI that the farms operated by owners have increased faster since 1850 than the agricultural population. Such an increase can only be pos-

be the rent which must be paid. This is inevitable. It is the testimony of all experience. Tenancy always means labor for privilege, economic subordination for freedom. It can mean nothing else.

Thus far we have been discussing farm tenancy only. The growth of tenancy is even more marked in urban communities than in the country. In the larger cities the home-owner is rapidly disappearing. Taking the country as a whole, and including urban as well as agricultural homes, only 4,739,914 of the 16,006,437 homes, or 29 per cent. of the total, are owned by their occupiers free from encumbrance, while considerably less than half hold title-deeds at all.[1] In the Eastern cities tenancy is all but universal. In New York city the hired homes amount to 87.9 per cent. of the total. In the boroughs of Manhattan and the Bronx the percentage of tenants rises to 94.1 per cent. In the cities of Bos-

sible provided the increase in the number of tenants has been by the elevation of former wage employees to the position of farm tenants. Such an increase in the number of tenants has been by recruits from the ranks of wage employees, and not from farm owners or their children. The class of owners has increased faster than the portion of the families of former owners who have remained on the farms. The same is true of the tenant class. . . . This marked decrease clearly indicates that the gain in the number of farm tenants has been due to recruits drawn from the ranks of wage laborers and not from the ranks of farm owners."—Twelfth Census of the United States, Vol. V, p. lxxvii.

[1] Distribution of homes in the United States in 1900:

Homes owned, free	Homes owned, but mortgaged	Homes rented
4,739,914	2,180,229	8,246,747

—Twelfth Census, Vol. II, p. 662.

ton, Brooklyn, Fall River, Jersey City, and Memphis more than four-fifths of the population live in rented homes. In the city of Buffalo the percentage of homes owned by the occupiers free from mortgage fell from 21.1 per cent. in 1880 to 15.8 per cent. in 1900. In Milwaukee a similar loss is shown, while in St. Paul, one of the new cities of the West, the loss in mortgage-free homes was 25 per cent. in the decade. Speaking generally, there was a larger proportion of homes encumbered in 1900 than in 1890. In Manhattan Borough out of 383,726 homes only 15,361 were owned by their occupants; while of these only 6,305 are owned by the occupants free from mortgage or other encumbrance. Taking the tenure of thirty-eight leading cities of the United States, we find the distribution to be as follows:

HOMES OWNED, FREE	OWNED, MORTGAGED	RENTED
347,005	306,505	2,259,304

This loss in home ownership is not confined to any one section of the country. It characterizes Massachusetts as well as California; it appears in Kansas as well as in Florida. Out of a total aggregate of 613,659 homes in Massachusetts but 207,579 are owned by their occupiers, and of these only 109,494 are free from encumbrance. The remainder are hired or held subject to mortgage. In Pennsylvania out of 1,320,025 aggregate homes but 328,989 are owned free, or one-fourth of the total. In Kansas, a state

of generous fertility, new conditions, and widely heralded recent prosperity, but one home out of three is owned free, and less than 60 per cent. are owned at all by those who occupy them.[1]

As is to be expected, the newer states show a larger percentage of ownership than do the older commonwealths. Free home ownership is lowest in the north Atlantic division of states, being only 22.3 per cent. It rises in the north central division to 35.3 per cent., while the western division shows a still further increase to 42.7 per cent. Free ownership is lowest in New Jersey, the District of Columbia, Massachusetts, and New York. It is highest in the far Western territories, rising to 80.5 per cent. in Alaska, 66.9 per cent. in New Mexico, and but little less in Oklahoma, Idaho, and Utah.

It is apparent that we are rapidly becoming a homeless people, differing only in degree from the tenants of Ireland and England, of Russia and Germany, of Spain and Italy. No constitutions or bills of rights can protect us from the operation of economic laws; no guarantee of personal liberty will

[1] The following table of states taken from the Twelfth Census, Vol. II, indicates the conditions of home ownership in 1900:

	Total homes, owned	Total homes, hired	Homes owned, free from encumbrance
Massachusetts . . .	207,579	385,959	109,494
New York	528,152	1,061,267	280,673
Ohio	484,142	437,618	318,553
Nebraska	121,465	92,479	71,617
Kansas	184,150	127,565	117,351
Georgia	130,205	294,830	101,494

avail against the relationship of landlord and tenant so long as the land is subject to private monopoly. Already one-half of the people of America are tenants. The growth of population will increase their number. Future generations will have no alternative but to pay the price which is demanded by those who own the soil. This tribute will increase with each oncoming generation. From now on the father of a family will look forward, not to increasing opportunity for his children, but to an ever-increasing burden to be paid to those who own the land.

This tendency will be further stimulated by other causes. Up to the present time, the franchises of our cities, the financing of railways and transportation agencies, the exploitation of the mineral resources have offered the most inviting fields for capital. Here returns were most immediate. But the transportation agencies have been consolidated, the mining opportunities have been appropriated, the land has been denuded of its forests, and the cities despoiled of their franchises. The development of the future will be in the line of further consolidation or the perfection of operation. Moreover, so long as free land existed in the West, agricultural land was of little value. Rent was slow to rise. Men would not willingly work for another when they could work for themselves. But the virgin prairies are now enclosed. Future generations must find their homes on land already appropri-

ated. This will stimulate agricultural rent. This is already apparent. It has been remarked by the Census Office and the Agricultural Department, which report a tremendous increase in land values in the last few years. The millions of dividends which are pouring into the money centres will now find their way into land speculation. For land is the safest of all investments, and capitalistic agriculture is profitable. Moreover, land has become a monopoly, a monopoly not yet so complete as other industries, but none the less a monopoly. From now on, therefore, we may expect increasing investments in land and a constant growth in the plantation system. This change marks a revolution in the economic foundations of American society. It is the most revolutionary change that could be imagined. For the universal opportunity which for three centuries America offered to all the world has finally come to an end.

CHAPTER VII

SOME OF THE COSTS OF TENANCY

Agricultural tenancy is more precarious in America than in any country in Europe. Tenure is subject to the arbitrary will of the owner. There is nothing to check the operation of the law of demand and supply, nothing to protect the tenant in his occupancy. In many of the countries of Europe the traditions of feudalism have softened the relations of landlord and tenant. Competition has been mitigated by the long-continued occupancy of the land by certain families. The hand of the landlord is restrained by this fact. In some countries rents have remained fixed during long periods of time. Custom has established a fair rent. It may not be changed except by agreement with the tenant.

In Ireland an attempt has been made to re-establish by statute the idea of customary rents, to give security to the tenant, to indemnify him for his improvements, and to protect him from the landlord. Tribunals have been created with power to fix rents at a reasonable rather than a competitive figure. Provision is also made for the compulsory purchase of land, and its resale to the peasants on instalments, with the aim of creating a peasant proprietary class.

More recently similar legislation has been passed for England, by the aid of which the local authorities may acquire land in large areas and subdivide it among petty proprietors.

In America there is no such custom, no such tradition of the personal relations of feudalism, no such legislation to protect the agricultural tenant from the increase of rent. There is nothing to relieve the struggle for existence and the right of the landlord to charge whatsoever he pleases. And it is doubtful if the Constitution would permit any such fair-rent legislation. The landlord can dismiss the tenant at will, he can and does appropriate all of the improvements which have been made. The tenant has no right to anything which has become fixed to the realty. He may take away the crops, but nothing more. All of the betterments pass to the landlord.

In consequence the tenant does nothing to improve the land. He makes no repairs. He cultivates for the present only, he selects such crops as will give an immediate return with the least possible labor. He permits the buildings and improvements to go to decay; he exhausts the land itself by failing to fertilize it. In time he abandons the property because it is no longer profitable.

The same influences lead to indifferent cultivation. The stimulus of security is absent. The tenant is wasteful and careless. His rent is fixed by what the

land is supposed to yield; it is determined by what another will pay for the same holding. If he increases its fertility, it is made an excuse for an increase in the rent. If he is thrifty and industrious, if he makes the farm more attractive, if he drains and irrigates it, the advantage accrues to the owner or to some other tenant who will offer an increased rent for the property because of his exertions.

Agricultural land in America is usually rented from year to year. The tenant is subject to eviction upon a few months' notice. He has not even the security of a long-time grant. There is nothing to stimulate his pride, nothing to awaken his interest. Every incentive is lacking. Competitive tenancy, such as everywhere exists in America, is utterly destructive to good farming; it leads to indifference on the part of the worker, and a rapid deterioration in the farm itself.

These conditions are already common in many parts of the country. The tenant farm, with its dilapidated buildings, with barns and fences going to decay, with fields badly cultivated or grown up with weeds, may be seen in any section of the East. The tenant farmer is but little better off than the worker in the city; he can rarely accumulate any capital or make any provision for the morrow. He has little more security in his position than the farm laborer.

The Public Lands Commission, appointed by President Roosevelt, has described in very moderate language the extent and effect of tenancy in the West. The report says:

"The disastrous effect of this system [of tenant cultivation] upon the well-being of the nation as a whole requires little comment. Under the present conditions, speaking broadly, the large estates usually remain in a low condition of cultivation, whereas under actual settlement by individual home-makers, the same land would have supported many families in comfort, and would have yielded far greater returns. Agriculture is a pursuit of which it may be asserted absolutely, that it rarely reaches its best development under any concentrated form of ownership.

"There exists and is spreading in the West a tenant or hired-labor system which not only represents a relatively low industrial development, but whose further extension carries with it a most serious threat. Politically, socially, and economically this system is indefensible. Had the land laws been effective and effectually enforced, its growth would have been impossible.

"It is often asserted in defence of large holdings that, through the operation of enlightened selfishness, the land so held will, eventually, be put to its best use. Whatever theoretical considerations may support this statement, in practice it is almost universally untrue. Hired labor on the farm cannot compete with the man who owns and works his land, and if it could, the owners of large tracts rarely have the capital to develop them effectively.

"Although there is a tendency to subdivide large holdings in the long-run, yet the desire for such

holdings is so strong and the belief in their rapid increase in value so controlling and so widespread, that the speculative motive governs, and men go to extremes before they will subdivide lands which they themselves are not able to utilize."[1]

Bad as these conditions are, they are only beginning to appear. Land is still relatively cheap. Population is still far from dense. The free homestead in the West and the demands of industry have relieved the demand for land. From now on, however, agricultural rent is bound to increase. In time competition will be carried to such a point that agriculture will suffer. The worker will not be able to save enough to stock and maintain the farm. He will abandon those crops which require a capital outlay for the coming season, and will limit his planting to those which are most easily harvested. Competition will go even further than this. With increasing population the worker will offer a greater share of the produce, or a higher rent for the land, than he can produce. He will do this as a means of escape from starvation, or to prevent another, as hungry as himself, from taking the land from him.

Ireland is the country in whose history we can best study the results of competitive agricultural tenancy. From her experience we can forecast our own. For here as there no limit existed to the right

[1] Senate Document No. 154, 58th Congress, 3d session, p. 14.

of the owner to do as he willed with his land. John Stuart Mill has thus described the conditions of competitive tenancy in Ireland:

"It is scarcely possible," he says, "that cottier [competitive tenancy] agriculture should be other than miserable. . . . The competition for land makes the tenants undertake to pay more than it is possible they should pay, and when they have paid all they can, more almost always remains due.

"'It may fairly be said of the Irish peasantry,' said Mr. Revans, the secretary of the Irish Poor Law Enquiry Commission, 'that . . . the rents which they promise, they are almost invariably incapable of paying; and, consequently, they become indebted to those under whom they hold, almost as soon as they take possession. They give up in the shape of rent the whole produce of the land, with the exception of a sufficiency of potatoes for a subsistence; but as this is rarely equal to the promised rent, they constantly have against them an increasing balance. In some cases, the largest quantity of produce which their holdings ever yielded, or which, under their system of tillage, they could, in the most favorable seasons, be made to yield, would not be equal to the rent bid; consequently, if the peasant fulfilled his engagement with his landlord, which he is rarely able to accomplish, he would till the ground for nothing, and give his landlord a premium for being allowed to till it. . . . The full amount of the rent bid, however, is rarely paid. The peasant remains constantly in debt to his landlord; his miserable possessions—the wretched clothing of himself and of his family, the two or three stools, and the few pieces of crockery which his wretched hovel contains would not, if sold, liquidate the standing and gener-

ally accumulating debt. . . . Should the produce of the holding, in any year, be more than usually abundant, or should the peasant, by any accident, become possessed of any property, his comforts cannot be increased; he cannot indulge in better food nor in a greater quantity of it. His furniture cannot be increased, neither can his wife or children be better clothed. The acquisition must go to the person under whom he holds.'

"As an extreme instance of the intensity of competition for land, and of the monstrous height to which it occasionally forced up the nominal rent, we may cite from the evidence taken by Lord Devon's Commission, a fact attested by Mr. Hurly, clerk of the Crown for Kerry: 'I have known a tenant bid for a farm that I was perfectly well acquainted with, worth £50 a year; I saw the competition get up to such an extent that he was declared the tenant at £450.'

"In such a condition what can a tenant gain by any amount of industry or prudence, and what lose by any recklessness? If the landlord at any time exerted his full legal rights, the cottier would not be able even to live. If by extra exertion he doubled the produce of his bit of land, or if he prudently abstained from producing mouths to eat it up, his only gain would be to have more left to pay to his landlord; while if he had twenty children they would still be fed first, and the landlord could only take what was left. Almost alone amongst mankind the cottier is in this condition, that he can scarcely be either better or worse off by any act of his own. If he were industrious or prudent, nobody but his landlord would gain; if he is lazy or intemperate, it is at his landlord's expense. A situation more devoid of motives to either labor or self-command, imagina-

tion itself cannot conceive. The inducements of free human beings are taken away, and those of a slave not substituted. He has nothing to hope, and nothing to fear, except being dispossessed of his holdings, and against this he protects himself by the *ultima ratio* of a defensive civil war. Rockism and Whiteboyism were the determination of a people, who had nothing that could be called theirs but a daily meal of the lowest description of food, not to submit to being deprived of that for other people's convenience.

"Is it not, then, a bitter satire on the mode in which opinions are formed on the most important problems of human nature and life, to find public instructors of the greatest pretensions imputing the backwardness of Irish industry, and the want of energy in the Irish people in improving their condition, to a peculiar indolence and *insouciance* in the Celtic race? Of all vulgar modes of escaping from the consideration of the effect of social and moral influences on the human mind, the most vulgar is that of attributing the diversities of conduct and character to inherent natural differences. What race would not be indolent and insouciant when things are so arranged that they derive no advantage from forethought or exertion? If such are the arrangements in the midst of which they live and work, what wonder if the listlessness and indifference so engendered are not shaken off the first moment an opportunity offers when exertion would really be of use? . . . It speaks nothing against the capacities of industry in human beings that they will not exert themselves without motive. No laborers work harder in England or America than the Irish; but not under a cottier system." [1]

[1] *Principles of Political Economy*, Bk. II, chap. 9.

Such are the logical and inevitable results of competitive tenancy. The condition of the peasant farmer in England is but little, if any, better than that of the cottier in Ireland. He is subject not only to industrial but political and religious subjection to his landlord. On the Continent the same is true. Much of the land of Belgium is held on short-time leasehold. The tenant has somewhat more security than the Irish cottier, but he is rack-rented nevertheless. Emile de Laveleye, the celebrated Belgian economist, said of the system which prevails in that country:

"The tenant is not encouraged to improve, and if he does make improvements he can hardly be said to reap the benefits of them. The landlords will not grant longer leases, because they want, in the first place, to keep a hold upon their tenants; and secondly, to raise the rents when the leases expire. It may be said, that throughout Belgium such increases of rent take place regularly and periodically."[1] This process of rent increase is proven by statistics. From all of the provinces of Belgium the average rent per one hundred acres of land increased in thirty-six years from $11.45 per unit to $20.40, or nearly one hundred per cent. Unlike Ireland, Belgium blossoms like the rose. It is wonderfully productive. Yet the population of the

[1] "Systems of Land Tenure in Various Countries," *Cobden Club Essays*, p. 466.

country is the most illiterate, in many ways the most poverty-stricken and miserable, of any in western Europe. "I think it is certain," says Professor Laveleye, "that the Flemish farmer is much more ground down by his landlord than the Irish tenant."[1]

One has only to cross the borders into Holland to find an entirely different state of affairs. Holland, like Denmark and Switzerland, is a land of comfort, high degree of education, and happiness. Laveleye says of this country: "The farmers of Holland lead a comfortable, well-to-do, and cheerful life. They are well-housed and excellently clothed. They have chinaware and plate on their sideboards, tons of gold at their notaries, public securities in their safes, and in their stables excellent horses. Their wives are bedecked with splendid corals and gold. They do not work themselves to death. On the ice in winter, and at the Kermesses in summer they enjoy themselves with the zest of men whose minds are free from care."[2]

The reason assigned by M. de Laveleye for the prosperity of the Dutch farmers in comparison with the Belgian is that the land in Holland has remained almost entirely in the hands of the peasants, who work their lands for themselves rather than for another. They do not fear an increase in rent with every improvement in production nor eviction in favor of another willing to offer a higher rent for the land.

[1] *Cobden Club Essays, supra*, p. 483. [2] *Idem*, p. 133.

It is true America has not yet reached the conditions described in Ireland and Belgium. The ultimate results of competitive tenancy have not yet appeared. The free lands of the West have kept down rents. It has offered an outlet for the East. But America already has a large tenant class. The number of renters is bound to increase and increase with great rapidity. This is inevitable. For the land is practically all enclosed and population is increasing with no sign of abatement.

Ultimately, as in Ireland, the operation of the law of demand and supply will reduce the standard of living of the tenant to the lowest point. The sum which men will offer for the use of the land will be determined, just as is the price of a loaf of bread among starving men. Millions in Europe are already offering all save a potato diet for the mere right to work upon another's land. And millions more have promised more than they could possibly produce in order that they might anticipate a hungry competitor. It is this struggle for the land that is sending the population of Russia, Hungary, Germany, and Italy to America to-day. And it is only a matter of time when the conditions which they have left behind will reappear in their new home.

CHAPTER VIII

THE EVOLUTION OF SERFDOM

History has touched but lightly on the evolution of private property in land. Yet the introduction of this idea and its development into a system of tenure is probably the most important social fact in the history of Christendom. It has moulded modern society. It explains the rise and fall of nations. It is the cause of vice, misery, and poverty. In a large view of history the changes which have taken place in the customs and laws of land tenure are of colossal import to society.

The beginnings of private land ownership in its present form are definite and clear. They are traceable to the last three centuries of the Roman republic, when the senatorial class appropriated the public lands of Italy to themselves, and converted the free citizens into tenants and slaves through the monopoly of the land and the law of debt.

During these centuries the Roman law became a completed system. It reflected the economic interests of the ruling classes. It sanctioned the absolute private ownership of the land and destroyed the early traditions of economic freedom.

Through colonial expansion the plantation system of the later republic was carried to the furthermost corners of Europe. Roman law and Roman legislation became the basis of the jurisprudence of a great part of the modern world. It was assimilated into the barbarian codes. It underlies the Code Napoleon, as well as the imperial law of Germany. It was fused into the common law of England. The methods of land tenure of Europe, of the United States and Australasia, all trace their lineage back to the patrician-made laws of the Roman senate, designed to dispossess the Roman people from their common lands. "The Romans were the first," according to Laveleye, "to establish exclusive individual property in land, and the principles they adopted on this subject still serve as the basis of law for Continental states." [1]

Historians differ as to the sources of the feudal system. It is certain, however, that by the fourth century A. D. most of the land in the empire was in the hands of the senatorial nobility of Rome.[2] It was divided into great estates, just as it had been in Italy. The free owner had all but disappeared. The land was worked by *colonii,* or by serf labor. As the imperial power declined, the plantation owners assumed sovereign powers. They acted as magistrates and dispensed justice. They collected such

[1] *Primitive Property,* p. 163.
[2] *Medieval Civilization,* Munro-Sellery, p. 18.

taxes as were paid, and provided their quota of men in time of war.

Here was the relation of lord and vassal. Here was the hierarchical organization of society about the manor. When the barbarian hordes settled upon the territory occupied by Roman colonists they found a political, social, and industrial system, which, as years went on, developed into the feudal system. For the Roman, like the feudal, system was based upon the manor.

The Roman idea of private ownership under the manorial system came into conflict with the German idea of common ownership under the village community. For the barbarians had no conception of the absolute private ownership of the land. Among them the land was owned in common by the village. "The families forming the community had only the right of enjoyment, the ownership of the soil resting in the community itself."[1] The idea that one individual might appropriate a part of the earth's surface, and do with it as he willed, seems never to have occurred to these, or to any other early people. It was not permitted to one person, more aggressive than his neighbors, to become the lord proprietor of an immense estate, and pass it on from generation to generation and from century to century, and exclude his fellows from its use. Equality of economic opportunity was the most fundamental, as it was the

[1] *Primitive Property*, Laveleye, p. 106.

most universal, idea of early society. Like the right to breathe the air and enjoy the sunlight, the land was the common possession of all. It was designed for use, not for ownership. The motive of early society was production. He who would use the land was preferred to him who would not. Each oncoming generation was thus assured an opportunity as full and as free as its predecessor.

It was the communal ownership of the land that explains the essential democracy of early European peoples, just as it was the free public land of America that lies at the basis of our own democracy. There was little or no hereditary rank among the early Teutons, save that which attached to age or character. The leader was the first among equals. His authority was the authority of superior ability or wisdom. In the tribal organization every freeman had a voice. This democracy of the Teutonic peoples was economic. It sprang out of the common ownership of the soil. It is this that explains the democracy and comparative well-being of the people of Switzerland. "In the primitive cantons of Switzerland," says Laveleye, "institutions of the most democratic character conceivable have secured the inhabitants from the most remote times in the enjoyment of liberty, equality, and order, and as great a degree of happiness as is compatible with human destinies. This exceptional good-fortune is attributable to the fact that ancient communal institutions

have been preserved, and with them the primitive communal ownership." [1]

The village community, with its common ownership of the land, is one of the most universal institutions of society. Sir Henry Maine says: "It is known to be of immense antiquity. In whatever direction research has been pushed in Indian territory, it has always found the community in existence at the farthest point of its progress. . . . Conquests and revolutions seem to have swept over it without disturbing or displacing it, and the most beneficent systems of government in India have always been those which have recognized it as a basis of administration." Under it "the personal relations to each other of the men who compose it are indistinguishably confounded with their proprietary rights." [2] The village community is to be found in Russia to-day, where it is said "to be a nearly exact repetition of the Indian community." [3] Research has found this idea of the common ownership of the land in Russia, Germany, Great Britain, Ireland, Switzerland, and Scandinavia. It has been found in Java, in Mexico, and in Peru, as well as in New Zealand, India, and Africa.

In early Britain the same was true. The land of the township belonged to the village. Each freeman had a homestead of his own. This land was

[1] *Primitive Property*, Laveleye, p. 62.
[2] *Ancient Law*, p. 231.
[3] *Idem*, p. 237.

separated from the common stock. Around about the enclosure lay the arable land. It was divided into fields whose use was allotted to the members of the community. These allotments were used for farming, and from seed-time to harvest were under the control of the freemen to whom they had been assigned. There was individual ownership of the crops, but not in the land. After the harvest had been gathered the land was thrown open for pasturage, to be used by all.[1]

Under this system of land tenure rent was unknown. The land belonged to all. That one man should collect tribute from another for the use of that which nature had provided for the community did not enter the imagination of early peoples. It was this sort of industrial democracy that came into conflict with the land laws of Rome. In this conflict the village community of the Germans was destroyed. It was destroyed by the plantation system of the Romans. The Roman landlord became the feudal overlord; the German freeman degenerated into the Latin tenant. Feudalism with its hierarchical organization of classes was the result. Common ownership of the land was lost to humanity.

Such would seem to be the obvious explanation of the origin of feudalism. Such an explanation is confirmed by the tenacity with which people cling to their ideas of property. And of all laws those re-

[1] *The Agricultural Community of the Middle Ages*, E. Nasse, p. 10.

lating to land tenure are the most immutable. Religion and language may be abandoned. Forms of government and the ideals of a people may be altered. But the methods of land tenure persist. They are carried by the emigrant to his new home. They take root when other ideas are abandoned. We see this in the persistence of the common law, which has spread out from England over the whole western world and carried with it the system of English land tenure.

During the centuries which followed the disintegration of the Roman Empire feudalism became a system of organized society. It was, primarily, an economic system. About the system of land tenure the political, religious, and industrial institutions of Europe were erected. The union of lord and vassal was one of mutual service and protection. The tenant bore arms in the time of war. He served the master in time of peace. At the same time the lord engaged to protect the vassal. Both had obligations, both had rights.

But the land was still far from private property. The great baron held his land from the king by the performance of certain duties, just as the lesser vassals held their lands from the baron by similar services. These services, whether military, personal, or servile, were the nexus of society. They were fixed by custom. They were the same as taxes, for the lack of money precluded the existence of any revenue

system. The basis of all relations was the land. This was the economic foundation of the feudal order. All of the activities and relations, whether political, social, or industrial, sprang from this fact.

The distinguishing thing about the feudal tenure was the joint ownership of the land by the crown, the lord, and the vassal. Neither the one nor the other was the absolute owner. The tenure of the great baron was the same as the vassal's. Along with the Roman ownership of the land by the lord there survived certain Germanic ideas of the common ownership by the people. Every person had to serve some one above him as a condition of his occupancy. Each class had certain fixed rights and obligations. These obligations could not be changed, the services could not be increased, the occupancy of the land could not be taken away, except by agreement. Absolute private ownership of the land, as we understand it, did not obtain. There was a blending of the common ownership of the Germans with the absolute ownership of the Romans. It was this that distinguished the land tenure of the Middle Ages from that which preceded it, and from that which we have to-day.

But this condition did not continue. If it had, the land of Europe would still be jointly held by all the people, subject to certain fixed rents in the form of taxes to the state. The rights of the vassals on the one hand and of the crown on the other were de-

stroyed. The rights of both were absorbed by the feudal barons, who became the absolute owners of the land, just as they are to-day. The Roman law destroyed the Germanic custom. By the eighteenth century almost all of the land of Europe was held in great estates as exclusive private property.

This change did not take place in a year or in a generation, but in a series of generations, just as railway monopoly in America is the product of an unconscious evolution covering a long period of time. During the sixteenth and seventeenth centuries the use of money became general. The personal services of the feudal order were converted into money rent. The vassal ceased to pay for his land in service. He now paid in cash. The use of money also made possible the substitution of a paid army for military duties. This absolved the barons from their services to the crown. The economic framework of society still centred about the land. But the lord was freed from taxes and services, while the vassal became a competitive cash tenant.

Modern landlordism had its beginning in these changes. The personal relations of the vassal to the lord as well as of the lord to the king were destroyed. The lords came to treat the land as their own. They lost all sense of obligation to their tenants. As population grew, so did the demand for land. The lords substituted competitive rents for services fixed by custom. The freeman lost his security of tenure and

with it his customary though limited ownership of the land. The landlord now charged as much rent as was possible. He was limited only by what another would pay for the land. The vassal became a tenant at his will. He might be evicted at the whim or caprice of the owner. He now had to compete with his fellows for that which had formerly been partly his own. He gained his personal freedom, but he lost materially by the destruction of his ownership in the land.

The importance of this change, which reached its culmination in the seventeenth and eighteenth centuries, cannot be exaggerated. Through it every vestige of the common or village ownership of the land was destroyed. The free yeoman was reduced to the position of a rack-rented tenant. He could move from place to place, but he could not move off from the face of the earth. Instead of the great mass of serfs being raised to freedom, all of the freemen were reduced to the position of tenants. Only the symbols were changed. In many ways modern tenancy is more oppressive than were the customary relations of the Middle Ages.[1]

[1] Under the feudal *regime* "the freeman . . . owed nothing to the master; they were dependent upon him only in so far as he was their landlord, only because they lived upon his lands. *They were renters or farmers in perpetuity. Their holding was a fragment of the great domain.* They cultivated it for their profit, on the condition of paying either a fixed amount, like our farm rents, or a certain part of the produce, as in our farming on shares. *In distinction from the renter or farmer of our day, their condition was fixed forever; the land-*

Such is the evolution of the private ownership of the land. Such are the means by which the unprivileged classes were despoiled by their rulers. Such, too, is the origin of rent, the modern equivalent of serfdom. Both private ownership of the land and the payment of rent for its use (aside from the payments of services, which were in reality payments or taxes to the state) are of comparatively recent origin. Landlordism made its way out of feudalism, because the landed classes everywhere controlled the state. Not only the state but the schools and the universities, the bench and the bar, the Church and all of the agencies of public opinion as well. Those who had previously ruled by force now ruled by law. Through law they gave a solemn sanction and respect for their decrees. The idea of obedience was taught by the Church as the first duty of man.

Private ownership of the land is a product of class legislation, just as is the tariff, just as are the great manorial estates which have been stolen from the public domain in the West, just as are the privileges which have been conferred upon the franchise cor-

lord could not take back their lands or increase their rent. On the condition that they paid the old charges, they were free to dispose of their holding, to bequeath it as they would, to transfer it, even (at least in France) to parcel it out. . . . The difference is that while our farmers have but a precarious position and are in danger of seeing their charges increased at the end of the lease, the tenant of the middle ages enjoyed an assured position, encumbered only with fixed charges. *He was consequently in a firmer position, one that was nearer to ownership."—The Feudal Regime,* by Charles Seignobos, pp. 13 and 25.

porations and water-power companies of America to-day. The ideas of the private ownership of the land and of rent for its use are merely an evidence of the long-continued control of the governments of Europe by the land-owning classes. They are not an evidence of progress or of reason, of custom or of popular sanction. The genesis of private ownership of lands is to be found in force and in fraud.

CHAPTER IX

THE TYRANNY OF THE DEAD

THE feudal system is not yet ended. No more ended than is the idea of kingship in the countries of Europe. No more ended than is the Church. The feudal *regime* has persisted from the eighteenth century into the twentieth, just as it persisted from the fourteenth century to the fifteenth. It altered its forms in the latter centuries just as it did in the former. The substance has remained the same from the tenth century down to date, only it casts a different shadow. The use of money, the absence of many servile obligations and services, the shifting of the military power from the great nobility to the crown, the substitution of a standing army for personal military service—all these have altered the appearance of the feudal relationship.

But the essence of the feudal system is and ever has been the power of one class to live upon the labor of another class without giving any service in return. The two characteristics of the feudal system have ever been the support of the privileged orders by rent, and the maintenance of the crown by taxes, by the labor of the unprivileged masses. These obligations have ever been the brand of the servile

class. All other elements were non-essential. The personal ties, oaths, and obligations which bound the serf, vassal, and overlord were to feudalism what the Thirty-nine Articles are to the Anglican Church. The rendition of service was its essence. It was the three or five days a week labor on the estates of the lord; it was the payment of toll upon the bridges, of tribute at the markets, at the mill, and the wine-press; it was the beating of the marshes at night in order that the sleep of the lord might not be disturbed by the frogs—it was these things that feudalism meant to the vassal.

Democracy has cast off the shadows of class rule, but has retained the substance. It is as though the government should confiscate such counterfeit coin as fell into its hands, but should solemnly place the hall-mark of its approval on the dies from which it is coined. We have not changed the economic foundations of life, however much we have altered the political forms.

Were it not for the veneration for the past and the respect which property enjoys, we should see that the private ownership of the land and indirect taxation have ever been the agencies of oppression. It is through these means that peoples have ever been kept in subjection. But we refuse to question the things that are. In religion, in law, in politics, progress has to make its way against the generations which are long since dead.

This veneration for the past is always strongest where the property rights of the ruling class are involved. Macaulay has somewhere said that if it were to the interest of an ascendant class to deny the law of gravitation, there would arise an organized resistance to its acceptance. It would be challenged as impious, as contrary to the law of God. It would be treated as at variance with the laws of nature. Those who defended it would be shunned. All preference would be closed against them. They would suffer as did Galileo and Bruno for daring to defend the theory of the revolution of the earth in the face of the opposition of the holy Church.

We fancy we are free from this reverential attitude in America. Yet America is ruled by the political ideas of our grandfathers. The temple of Delphi was scarcely more sacred to the ancient Greeks than the Federal Constitution is to us. Criticism is almost sacrilege. Yet a recent examination of the circumstances surrounding its adoption shows that the Federal Constitution was not intended to be a democratic instrument.[1] It was not designed that the people should rule. The reactionary spirits who had taken small part in the Revolution obtained control of the Constitutional Convention, and impressed their will upon that body. And as later interpreted by the courts the Constitution has be-

[1] *The Spirit of American Government*, J. A. Smith, p. 27.

come even more reactionary than its language imports or its makers designed.

It was this veneration for propertied wrong that continued negro slavery far into the nineteenth century. It was only yesterday that slavery could not be discussed with safety. Even in the Northern states belief in its abolition involved personal violence. In some sections of the country the protective tariff enjoys something of the same sanctity. It may not be discussed in the university, certainly not in the pulpit. The franchise corporations of our cities environ themselves with the same powerful influences, which close the press, the clubs, the legal professions, and every avenue of preferment to those who dare to question the most arrogant demands of their owners. That which was true of slavery, of piracy, and of the gentlemanly pursuit of highway robbery in the generations which are gone, is true of many of the most accepted institutions of to-day.

The lineage of rent is far less honorable than is that of chattel slavery, for slavery has had the approval of almost every nation and of every religion. But the private ownership of the land and the collection of rent for its use is of comparatively recent origin. And, as we have seen, it arose under such conditions as give it a questionable claim upon posterity.

It is true the tenant of to-day does no labor in the fields of his overlord; he is free from physical insult

and molestation; his lands may not be shot over nor his crops destroyed; he need not grind his grain at the mill of the lord, nor do menial services in his household; he is not subject to personal services at every turn, as he was in France prior to the Revolution. All these burdens of a personal sort have been swept away. The methods of payment have been changed, but the servitude remains as it was in the days of the Normans or of the Plantagenets. Rent has taken the place of the spear or the arrow; it has taken the place of personal and military services. The origin of rent is perfectly definite and clear. And to-day, as during the Middle Ages, it is paid by those who labor to those who do not. It is paid by all those who do not participate in the ownership of the land.

We shudder at the inhumanity of the French nobles, who muzzled their serfs in order that they might not eat of the corn which they ground at the mill. We protest against the cruelty of the absentee landlords, who dissipated in idle luxury the exhausting rack-rents wrung from their starving Irish tenants. We sympathize with the peasantry of Russia, and aid by contributions and monster mass-meetings their revolt against the oppression of the aristocracy. Yet the suffering, the hunger, and the oppression which seems so terrible at a distance is not very dissimilar from that which is to be found in America to-day. There is famine in New York and in Chicago, in the mining regions and the mill dis-

tricts of America, just as there is famine in Russia, in Poland, and in Ireland. And the cause is the same in each country. There was food enough in Ireland during the famine. Millions of produce were shipped out of the country to pay rent when the peasantry were dying of hunger by the tens of thousands. There was wealth in abundance for the landlords at a time when there was not even a potato diet for those who produced whatever wealth the country contained. And the infant mortality, which carries away the children of the tenements like a plague, is famine—famine in the midst of plenty, just as it was in Ireland, just as it is in Russia and India to-day. For the steamship and the telegraph have made all the world a counter. There can be no famine among a people who have the means with which to purchase food. And it was not the failure of food, it was the burden of rent which produced the Irish famine of sixty years ago, just as it is the burden of rent which sends 60,000 famished children to school in the metropolis of America every day.

Were it not that our eyes are blinded by this property sense, we should see that the right of the slum owner to his rent had its origin in the days when men were serfs; when society was ruled by force, and legislation had its origin in craft and fraud.

The feudal state still persists in its essential qualities. For the worker in New York still labors two days out of every seven for his overlord in order

that he may be permitted to labor five days for himself. The *corvée* is still exacted as ruthlessly as it was in the eighteenth century. The worker still labors one day more out of every seven in order to support the nation; not only to pay his own taxes, imposts, and octroi on his food, but to pay those of his overlord as well, who escapes their payment just as did the grand seigneur in France.

Measured by its size the tribute of to-day is vastly heavier than it was in the days of the ancient *regime.* It is figured in millions instead of in thousands. It is still paid by the vassal to the lord. It still supports an idle aristocracy in the capitals of the world, just as it did the French nobles at Versailles. The rent-rolls of New York run into the hundreds of millions each year. They are paid for the use of the earth, just as they were two or ten centuries ago. And they are collected with far more precision and with much less hazard than at any time in the history of mankind.

CHAPTER X

THE SERVITUDE OF TO-MORROW

We have seen how the private ownership of the land was evolved from the common ownership of the land through the control of the governments of Europe by the feudal aristocracy; how tenancy is but the cash equivalent of the earlier relationship of lord and vassal, of master and serf, a relationship which historians assume was destroyed in the seventeenth and eighteenth centuries. We have further seen how competitive rents have been substituted for the customary services of an earlier age, by means of which those who use the land are subject to an increasing tribute for the privilege of living upon the earth.

Private land ownership is now complete. This is true of practically all the world. Those who come after us must come as trespassers. They must pay a competitive price for the right to live. Future generations will be born into servitude. Permission to work must now be had of another, a permission which can only be secured on the payment of a price, and a price determined by the competition of another for the same opportunity. It is competition that fixes rent, and it is the power of the owner to

exact such tribute as he wills that distinguishes the servitude of to-day from that of the feudal *regime.*

We can now forecast the struggle which the future holds in store for America. The supply of land is fixed and constant. It is the same to-day as it was four centuries ago when Columbus first set foot upon the continent. No ingenuity of man can add a square foot to the earth's surface. Better means of transit, greater ease of communication, the reclamation of the desert places of the West, all these have increased the area available for cultivation. But the amount of land remains as it was when the last discoverer opened up the last continent to human habitation.

The uncertain element in the equation is the demand. This is indicated by the census returns. The decennial enumeration of peoples will determine the fierceness of the struggle for existence and the price which must be paid for the use of the earth. The birth rate is the barometer by which the returns of the landlord may be measured.

We need not go beyond the Civil War to see the rapidity of the growth of population. From 1860 to 1870, during one-half of which time the nation was convulsed with civil war and maintained more than a million men under arms, the population increased from 31,443,321 to 38,558,371, or 22.6 per cent. During the following decade, a decade which was coincident with the expansion of the West and the

projection of the Pacific Railway systems, 11,597,412 people were added to the population, or an increase of 30.1 per cent. By 1890 the population had mounted up to 62,622,250, or an increase of 24.9 per cent.; while, by the close of the century, 75,994,575 claimed allegiance to the United States, or an increase of 20.7 per cent. In forty years' time the population had increased over 141 per cent. If the population increases as rapidly during the present decade as it did during the last, America will contain 92,024,430 people in 1910. At the same rate of growth another 19,417,154 will be added by 1920. Continuing this increase, the population of America will amount to 134,955,658 souls in 1930; to 163,430,301 in 1940, and to 197,914,094 in 1950, or two and a half times the present population. By the middle of the century, at the present rate of growth, nearly 200,000,000 people will be struggling for the right to live in America. But even then people will be living at a density of but 67 per square mile, which is far from crowded in comparison with other countries or the Eastern states of America. For to-day the population of Massachusetts is 348 per mile; of Pennsylvania, 140 per mile; of Ohio, 102 per mile; and of Wisconsin, 38 per mile. The population of the German Empire is 280 per mile; of France, 188 per mile; and of little Holland, 425 per mile.

With every babe that is born the value of the land is increased, as is the tribute which its owners com-

mand for its use. The ignorant immigrant, landing at Castle Garden, possessed of nothing save the clothing suspended across his shoulders, increases perceptibly the value of the soil, upon which the laws of nature decree that he must either labor or starve. The million refugees who annually crowd to America, driven unwillingly from their native land, add to the value of the land at least half a billion dollars a year.[1] Its value responds to their coming. There are so many more hands to labor, so many more mouths to be fed, so many more human beings to struggle for an opportunity to live upon the land of promise which another has enclosed. And the 80,000,000 already here are made the poorer by their coming. The burden of rent of all the people is increased in consequence.[2]

Herein is the crux of the social puzzle. Herein is the explanation of increasing poverty in the midst

[1] "It has been calculated that by the mere fact of his arrival each emigrant increased by about $400 the value of the territory of the United States."—Charles Gide, *Political Economy*, p. 458. This is an understatement. It is nearer $1,000.

[2] For the five years running from 1900 to 1905, the aggregate increase in the value of all classes of farms was $6,131,000,000. The cause of this increase in land values is indicated in the Bulletin United States Department of Agriculture, No. 44, which says: "While the public land suitable for farming has been reaching exhaustion, the flow of immigration from foreign countries has been continuing in its direction, and where no farming land could be obtained from nation, state, or railroad the influx of agricultural people was halted in regions where farms had been established in more recent years, and the consequent pressure of new demand upon a fixed area increased the value per acre during the five years often as much as fifty to a hundred per cent."

of increasing wealth; of misery, destitution, and suffering on the one hand, and unimaginable luxury and waste on the other. In this struggle for the use of the land and the speculative values to which it gives rise, is the solution of the paroxysms of industry which periodically afflict the commercial world. It is this, too, that explains the vacant fields and idle workshops, while millions of men are seeking employment.

It makes no difference whether the land is owned by a handful of ducal proprietors or by a million petty landlords, whether by English syndicates or by the well-to-do farmer of the neighboring county seat. So far as those who hereafter come into the world are concerned, the result is the same. For rent is fixed by the law of demand and supply; supply ever constant, demand increasing year by year.

This law of demand and supply, by which the dealings of the business world are conducted; this law which operates so beneficently in most instances, determining with the precision of a natural law the basis on which the products of labor will exchange, the amount of food and clothing which will be produced each year, as well as the output of ten thousand factories, mines, and workshops located in the most distant portions of the earth; this law, which adjusts production and exchange with a precision almost comparable to that which determines the amount of rain which shall fall upon the surface of the

earth, is a very cruel thing when applied to the first necessity of life which the laws of nature decree must be used by man if he would live, but which the laws of man permit to be owned by the generation which first appropriates it.

Under natural conditions this growth in population should increase the well-being of all the people rather than the well-being of the few. For just as the fisherman increases his catch by a division of labor, which frees him from the necessity of making his net or of preparing his meals; just as the hunter is able to capture more game when relieved of the necessity of making his weapons, so the productive power of society has been increased by the division of labor and the specialization of the workers which has been going on from the beginning of time. The watch we are now able to buy for a dollar once involved weeks of labor. A single workman is now so skilled in the handling of looms that he produces three hundred times as much as was possible a century ago. The cotton-spinner produces as much as did three hundred and twenty men in 1769. One operator in a cotton factory supplies the wants of two hundred and fifty men; in a woollen factory, of three hundred men, and in a shoe factory, of one thousand men. A single man produces more iron, steel, or copper than did a hundred a generation ago; he produces more than did a thousand in the seventeenth century.

This is true in almost every line of industry. This increase in the productive power of society should have long since banished poverty. For along with every pair of hands seeking work there are bodies to be clothed and stomachs to be fed. Increasing population does not mean increasing production only; it means increasing consumption as well. And the wants of man know no limit. There can be no such thing as overproduction. Even were every human being comfortably housed, adequately fed and clothed, even were all of the needs with which we are familiar amply provided for, there would arise a multitude of wants which would employ ten times our present population. Yet instead of improving the well-being of society, this increase in population, increasing as it does the value of the land and the rent which must be paid for its use, makes of necessity for poverty. It fills the tenements with sweat-shop workers, and the mines with child laborers. Some obstacle intervenes to prevent the operation of the natural laws of production and distribution; some influence diverts the gains of civilization from those whose labor produces them. This influence is the private ownership of the land which withholds the storehouse of nature from use, and appropriates through rent every increase in the productive power of society.

From now on this tribute to those who own the land must, of necessity, increase. With every babe

that is born and with every immigrant that comes to our shores the struggle for a place to live and to labor will be reflected in the value of the land. This will increase the charge which may be exacted for its use. This is the inevitable result of the law of demand and supply when applied to the land, for rent is established by the same law that fixes the exchange price of a loaf of bread or a pair of shoes. In time rent will appropriate all that the worker can produce save the margin of subsistence, below which he cannot permanently go. Even this will not be secure, for men will offer more for the land than they can produce upon it in the hope of warding off starvation.

This tendency is already manifest. It is this that explains the spirit of unrest that is expressing itself all over the country. John Stuart Mill has described the result of increasing population in the case of Ireland. He had in mind the agricultural workers. But the result is the same in any country and under any conditions of industry. "The produce of the cottier (competitive) system," he says, "being divided into two portions, rent and the remuneration of the laborer, the one is evidently determined by the other. The laborer has what the landlord does not take; the condition of the laborer depends upon the amount of rent. But rent being regulated by competition depends upon the relation between the demand for land and the supply of it.

The demand for land depends upon the number of competitors, and the competitors are the whole rural population. The effect, therefore, of this tenure is to bring the principle of population to act directly on the land, and not, as in England, on capital. Rent, in this state of things, depends on the proportion between population and land. As the land is a fixed quantity, while population has an unlimited power of increase; unless something checks that increase, the competition for land soon forces up rent to the highest point consistent with keeping the population alive." [1]

This, then, is the servitude of to-morrow. It is not new to the world. But it is only since the seventeenth century that the law has endowed one man with legal means to take from another all that he could get.

The extent to which the growth of population, the improvements in the arts and sciences, the increase in the productive power of society, have expressed themselves in the value of the land, and the amount which has been added to the wealth of the few by the exertions of the many, will be considered in the next chapter.

[1] *Principles of Political Economy*, chap. 9.

CHAPTER XI

THE UNEARNED INCREMENT

We have witnessed the changes which have taken place in the economic foundations of democracy during the past few years; we have seen how tenancy has followed close upon the heels of three centuries of freedom through the prodigal waste of our land and resources; we have projected our imagination into the future when the population will have doubled, and the struggle for existence will have increased in intensity through the demand for the land, which must ever remain limited in amount. We have seen, too, how the growth of population creates a social value which is not retained by the community, but is appropriated by those who own the land.

Such is the process by which organized society impoverishes itself; such is the process by which it has always done so. Such, too, are the means by which the servitude of the Middle Ages is continued down to the present day, for we are the lineal heirs of serfdom, just as the Church and the jurisprudence of to-day are the heirs of many of the abuses of the Middle Ages.

But the growth of population is not the only agency which adds to the wealth of those who own the soil. All other activities contribute to it. Good

government reflects its goodness in the value of the land. It increases its security as well as its attractiveness for homes and business. The opening up of streets and sewers, the dedication of parks and open spaces, all these contribute to the enrichment of those who toil not nor spin. Even the education of kindergarten, school, and university, the building of cathedrals and public structures, the increase in health and security, all these are reflected back into the value of the land, and must be paid for by those who make use of it.

The progress of science and invention, the designing of new machines for increasing the wealth of mankind, all these, as well as every advance in civilization are passed on to the pockets of the landlord. And this increased wealth which society contributes to his purse is as unearned by him who appropriates it as was the manna which descended from heaven to the Hebrew people. It enriches the most barren of building sites as does the dew upon the grass, or the ray of the rising sun to which all nature responds. The invention of the Bessemer process, the cheapening of the means of transportation, the erection of mammoth iron steamships, the expenditures of millions of dollars by the Federal Government upon the inland waterways of America, have not cheapened the cost of iron and steel to the consumer. They have but added tens of millions of value to the iron and the coal mines, the railways and the harbors owned

by those who sit idly upon the resources of the earth which they have been permitted to monopolize. Every improvement in the railways, every new device for doing the work of human hands, has added to the capital value of the land and the mineral resources of the country. The application of electricity to transit upon our streets has not solved the housing problem. It cheapened the cost of production to the owners of the franchises. It increased the value of city and suburban land. But any reduction in the charges for transit and electricity, for gas and for water is ultimately absorbed by the owners of the land, who thwart every effort for the relief of housing conditions by the speculative withholding of building sites. Even the increased efficiency of labor is not appropriated by capital. The capitalist is but the intermediary through whose hands the increasing productivity of society flows. For he, too, like the wage-earner and the tenant farmer, is subject to the tribute which the private ownership of the land involves.

We can see this unearned increment which society creates most readily in the great cities. And we can visualize it in the fortunes of some old family. The estate of the Astors in the city of New York is a striking example. In less than fifty years' time the crowding of 5,000,000 people around Manhattan Island has given a value to the Astor estate of $450,000,000. Scarce a century ago the ancestor

of the present family invested a few thousand dollars in farming lands lying about the outskirts of what was then a mere village. Much of the property so acquired was barren rock. And so it has remained to this day. In itself it has little more value than the rolling prairies in Nebraska. Since that time the hand of man has added little to its fertility. No modern alchemy has changed its character. The land is much as it was when the glaciers of a distant age laid it bare to the elements. But the growth of a great nation, the development of trade and commerce, the revolutions which have taken place in industry, have fertilized this granite outcrop until it produces golden eagles from every rod of its surface. Society has done what the Astor family could not have done, even with the lamp of Aladdin. And society has done everything that has been done to make the land valuable. When Jacob Astor died in 1848, the value of his holdings had increased until they were worth $20,000,000. A quarter of a century later the estate had grown in value to $100,000,000. By 1890 it was estimated to be worth $250,000,000. Seventeen years have since elapsed, and in that time the struggle of mankind for a footing on this most densely peopled spot in the western world has given a value of $450,000,000 to the Astor estate.[1] "In fifteen or twenty years, at

[1] "The Astor Fortune," by B. L. Hendrick, *McClure's Magazine*, 1905.

the present rate of progress, it (the Astor estate) will have reached the billion mark, and then it will go on even faster, till the ordinary mind is appalled at the portentous figures. . . . If the same rate be maintained for another century, the Astor fortune will attain the unimaginable total of $80,000,000,000." [1]

The insignificant investment of a century ago has multiplied many thousand times. And by means of short leases, revalued from time to time, the values which society created have all been retained by the estate. Public improvements, the opening up of streets, the laying out of parks and boulevards, the development of transportation, the increase in security and attractiveness, all of the expenditures of the metropolis, have passed into the value of the land. The recently opened Subway, which was paid for from out the city's credit, is said to have added an amount equal to its cost to the value of the Astor holdings.[2]

[1] The Astor estate is but one of many in the metropolis. The value of the land underlying the city staggers the imagination. A short time ago the small corner lot at No. 1 Wall Street was sold for $700,000. It contains about 1,170 square feet. Its purchase price was about $4.00 per square inch. In 1902 the building site at the corner of Fifth Avenue and 28th Street was sold for $400,000. Within twelve months it was resold for $550,000. To-day its value is not far from $1,000,000. But a few years ago the land upon which the *Times* building is erected, at the corner of Broadway and 42d Street, was in the market for $500,000. It recently sold for nearly three times this figure. Cases of this sort can be multiplied indefinitely, from the Battery to the Bronx.

[2] See report of New York City Club entitled "Building of Rapid Transit Lines in New York City by Assessment upon Property Benefited," which showed that the value added to adjacent land by the building of the Subway would have paid its cost several times over.

The whole of Manhattan Island was first sold to the Dutch by the Indians for $28.00. In 1904 the land values of Greater New York were appraised for taxation at $3,057,161,290. By 1906 the land had increased in value to $3,391,711,526. In two years' time $334,550,236 had been added to the fortunes of those already enriched through the city's growth. They had done nothing to create this value. They had given no labor, no thought to the development of the city. Many of the owners lived in distant parts of the world. The growth continued just the same. By 1907 the appraised value of the land underlying the city had advanced to $3,557,591,504, or an increase over the year before of $165,879,978. In 1908 the valuation had still further increased to $3,843,165,597, or an increase of $284,271,643.[1]

The human imagination cannot comprehend such stupendous figures. The total area of the city is but 190,000 acres. The land is worth $213,400 per acre. One acre of the metropolis would buy an average farm of 5,000 acres in extent. The land values of Greater New York exceed the total value of all the buildings and improvements in the city, on which generations of labor have been expended, by over $700,000,000.

In 1900 the value of all of the farm property in the nine states of New York, New Jersey, Penn-

[1] Taken from Annual Reports of Commissioners of Taxes and Assessments of New York for these years.

sylvania, Massachusetts, Connecticut, Maine, New Hampshire, Vermont, and Rhode Island was but $2,950,532,628, or $607,058,876 less than the value of the naked land in New York City in 1907. This value exceeded by nearly $1,000,000,000 all of the capital in the United States invested in machinery, tools, and implements in 1900. It was almost equal to the value of all the farm buildings in the United States.

This narrow point of land which forms the gateway of the nation, and which can scarcely be discerned upon the map, exceeds in value the census appraisal of all of the farming land with the improvements thereon lying to the east of the Alleghany Mountains. It is equal to one-sixth of the total value of the 841,201,346 acres of improved land in the United States. Into these farms have gone three centuries of struggle. They represent the sacrifices of the pioneer, of the log cabin, and the prairie schooner, the drought and the scourge of the Western prairie. In this making of a nation are all the sacrifices and the isolations, the struggles and the disappointments, the lack of opportunities for education, and the unceasing toil of those who have converted the plains of America into fields of golden corn and grain. Yet a few thousand landlords, who have possessed themselves of a spot of land but little larger than a Western township, have come into possession of wealth half as valuable as all the farm

products produced in a single year in the United States.

No thrift of the owners created this value; but the coming of population, the development of commerce and industry, the perfection of the arts and sciences, all these agencies have brought into existence unearned incomes more princely than that which enabled Crassus to unite with Cæsar and Pompey in the control of the Roman republic.[1]

All other wealth save the land has an exchange value, measured by its labor cost. Under free competition, this is as true of a locomotive or of a monster steamship as it is of a pair of shoes or a sack of flour. It is the amount of labor which enters into each that determines the price at which it exchanges. But no such rule fixes the annual value of the land. Rent is not the equation of labor for labor; it is the resultant of a certain number of human beings seeking a chance to live. And the rent that is paid is the price exacted by those who own from those whose very labor has given the land whatever value it enjoys. Society is really taxed because of its own enterprise.

[1] New York is not exceptional in this regard. In 1902 the land and the franchises of the city of Boston were appraised at $879,259,355 or $1,100 per capita. In 1906 they had increased to $1,047,499,500. In city after city where assessments assume to represent the real selling value of property, the value of the land alone amounts to nearly $1,000 per head of the population. The land value or social value of America in city and country, from the data available, would seem to amount to from $750 to $1,000 per capita for every man, woman, and child in the country.

In reality land values are not wealth at all. They are a power to tax, a power to levy tribute upon the wealth which others produce. Land values are merely a toll, and rent is in the nature of an annual license for the privilege of living, which the laws of the land permit one class to collect from those who labor upon the earth.

Here, too, is a kind of wealth whose value increases automatically. It is a form of monopoly more perfect than any oil, beef, or sugar trust. It requires no syndicate, no understanding, no gentlemen's agreement to determine what the traffic will bear; no pooling of interests or division of territory is necessary for the fixing of tariffs. The tribute which the landowners collect is determined with mathematical precision. It is fixed by the simple law of demand and supply, and the letter of the bond is collected as ruthlessly as the rack-rents of Ireland.[1]

The Census Department has recognized the phenomenal increase in land values which is everywhere taking place. From 1900 to 1904 something

[1] We can see the growth in population and the industry of a people expressing itself in the value of the land in the newer states of the West. Within the past few years, the territory of Oklahoma has been opened up to settlement. Here is one of the most fertile regions of the world. In the early nineties land was selling at from $2.00 to $5.00 an acre. To-day it is changing hands at from $10.00 to $30.00 an acre. In 1900 the assessed value of the farming land was $9,875,638. To-day it is assessed at $35,472,012. (Report of the Governor of Oklahoma to the Secretary of the Interior, 1906.) It is probably worth ten times that figure.

less than one-half of the acre property in the United States increased in value over $1,500,000,000. The growth in the value of all agricultural land was, therefore, something over $3,000,000,000. During the same period, land and improvement values in city as well as country increased over $9,000,000,000, which means that the land values of the nation shot up at least $4,500,000,000 in four years' time.[1]

This is a very conservative estimate. The Department of Agriculture states that the aggregate increase in the value of all classes of farms during the five years running from 1901 to 1905 was $6,131,000,000.[2]

We see the same social values, the same common treasure, in the value of the mineral resources of America. It is apparent in the coal, the iron, and the copper fields. Twenty years ago the barren lands of northern Minnesota, Wisconsin, and Michigan, upon which the Mesabi, Vermillion, Gogebic, and Menominee iron ranges were discovered, were practically valueless. But the demand for iron and steel, the improvement in machines and transportation, a thousand inventions increasing their use, has enabled the United States Steel Corporation to place a value of $700,000,000 upon its ore fields alone. The president of the company testified that even this value was inadequate. He stated before the In-

[1] Census Reports, "Wealth, Debt, and Taxation," pp. 20 and 26.
[2] Bulletin No. 44, "Local Conditions Affecting Farm Values."

dustrial Commission that the ore holdings were worth from $1,000,000,000 to $2,000,000,000.[1] We see the same unearned increment in the Calumet and Hecla copper mine. Its stock was issued at $12.00 a share. It is now selling for $650 a share, and has sold as high as $1,000 a share.

Society has been busy by night as well as by day, and a steady stream of wealth has been flowing into the laps of those who happened to acquire these marvellous deposits. The Calumet and Hecla is but a bonanza mine among many such copper deposits which are to be found in Montana, Utah, Arizona, and elsewhere, whose combined values are not far from $500,000,000. Less than a century ago the anthracite coal fields of western Pennsylvania were opened up to use. For fifty years they were regarded as of comparatively little value. But through the consolidation of the railway systems entering the territory and the complete monopoly of the region, these resources and railways have been capitalized at over a half billion dollars.

To these spectacular exhibits must be added the bituminous coal fields which spread from the Alleghanies to the Rockies, and underlie whole commonwealths with their rich deposits; as well as the oil wells which are pouring forth wealth of fabulous value. Hundreds of millions more should be added for the silver, zinc, lead, and other minerals whose

[1] Report of Industrial Commission, Vol. XIII, p. 472.

value is constantly increasing through the needs of humanity.

But the land and mineral resources do not complete this enumeration of the unearned increment. The same process of social production and private appropriation is apparent in the capitalization of the railways. It may be seen in the swollen securities of the franchise corporations. Year by year evidences of ownership are issued to keep pace with the value which the growth of society pours into the pockets of those who own them. No new wealth is called into being in the process. The country is no richer by reason of the increased securities which are issued. In 1907 the railways of the country were capitalized at $16,082,146,683. Ten years earlier they were capitalized at but $10,635,008,074. The difference is largely a site or land value just like that which a corner lot enjoys. The increasing value of the franchise corporations of our cities is of the same character. It is a social product, due to the favored sites which the public utility corporations occupy. The value of their securities reflects the growth of population. The unearned increment of the franchise corporations of New York City runs into the hundreds of millions of dollars.[1]

[1] Mr. John Moody, editor of *Moody's Manual*, says: "The public utility corporations of New York City cost to construct less than $200,000,000, and yet to-day they are capitalized for over $1,000,000,000."—"The Evolution of the Trust," *The Arena*, May, 1907.

What is true of the city of New York is true of all the cities of America. Franchises for street railways, for gas, water, electric-lighting, telephone, and other corporations have been granted by corrupt or ignorant councils, or bestowed upon favorites by the legislatures of our states, much as the English Stuarts gave away the property of the nation to the worthless favorites of the king. Yet the privileges bestowed in the olden days were of insignificant value in comparison with the princely gifts of our cities, many of them in perpetuity, and all of them for long periods of time. In almost every large city these grants exceed in value the amount of the city debt.

Unfortunately there is no means of ascertaining the amount of this social wealth, this land value which, by every principle of justice, belongs to us all. Yet it should be the first concern of the government to ascertain its amount. For if it be the first obligation of society to protect the property which has been produced by the individual, it is surely an obligation scarcely less sacred to ascertain and make known the wealth which is the common property of us all.

It is, however, possible to estimate this unearned increment, which the laws of society permit to be appropriated by those who own the land. In 1904 an investigation was made by the Census Bureau of "Wealth, Debt, and Taxation" in the United

States. From this report it appears that the value of the land with its improvements, as well as of the railways and the franchise corporations, amounted to $71,195,626,966.[1] Unfortunately no distinction is made as to pure land values and improvement values. But from other and independent investigations, from the tax valuations of cities where land and improvements are separately valued, it is safe to say that the land values are fifty per cent. of the total. On this basis the pure land values of the country amount to not less than $35,000,000,000. They undoubtedly exceed this amount. Mr. John Moody estimates them at $60,000,000,000.[2]

No other forms of wealth, save the land and the privileges identified with land, respond in this way to the growth of population. Society works for the owner of the land and him alone. Every other form of wealth is produced by individual labor. Every other form of wealth depreciates and decays. It has but a transitory existence. Much of it does not survive the year which saw it produced. Such wealth involves constant care and attention. But each tick of the pendulum of time passes into the purse of those who own the land the power to take from those who toil an increasing portion of that which their labor produces.

[1] United States Census, "Wealth, Debt, and Taxation," p. 27.

[2] "The Evolution of the Trust," *The Arena*, May, 1907. For a fuller discussion of land values in America see Appendix No. 1.

Land values are not really wealth at all, although the increase which has taken place in recent years has been heralded as a sign of increasing prosperity. And such it is to those who enjoy the increasing rents which land values make possible. But wealth is something which ministers to the comfort, happiness, and well-being of humanity. Houses are wealth; food, clothing, machinery, tools, and works of art and refinement are wealth. All of the products which labor creates are wealth. But land values are a tax on wealth. Rent is in the nature of a tax. It is far worse than a tax. Society receives some return from its taxes. It receives none whatever from the payment of rent. Rent is a tribute from labor to those who give no service in return.

In his *Essays in Political Economy,* Frédéric Bastiat, the French economist, tells the story of the gratification of the crowd which had collected before a broken shop window.

"It will make more work for the glazier," said one of the crowd. "It is a good thing for property to be destroyed, otherwise no one would give us employment."

This is the result that was seen. The unseen thing was that the shopkeeper would have to go without a needed pair of shoes. He would have to make some sacrifice in order to pay for the loss. The making of the shoes would also have provided

work, but work which would have added to the wealth of society. This is the result that was unseen.

So it is with the growth of land values. Those who measure the well-being of a nation through the increase in the value of the land and the inflated capitalization of the mines, the railways, and the franchise corporations, see in these vaulting figures an increase in the wealth of the people. But the effect that is not seen, like the cost of the broken pane of glass to the shopkeeper, appears in the increasing cost of living to those who bear the burdens which these increasing values involve. Their standard of living is reduced. The demand for the products of labor is diminished. The output of the factory is curtailed. It is this increasing rent charge which reduces the amount of wealth which can be consumed. In time the industry of a country will be greatly impaired through the appropriation by rent of a great part of what the nation produces. For the well-being of a nation, in the last analysis, depends far less on the amount of wealth that is produced than on the way it is distributed.

CHAPTER XII

A FEUDAL SURVIVAL

The railway question is at bottom a land question. The railway is a monopoly because of its identity with the land. It is this that differentiates the transportation industry from other business. The right of way of a railway is a site of land long drawn out. It is of much greater value than that of adjacent farms because of this fact. The particular site which it occupies cannot be duplicated. Terminals in the cities can only be obtained at a prohibitive cost. In many instances the only available routes through the mountains are already occupied. No new corporation could raise sufficient capital to force an entrance into New York, Philadelphia, Chicago, or any of the other large cities in the face of the opposition of the existing lines. We have an example of this difficulty in the entrance of the Gould lines into Pittsburg. The Vanderbilt system owns a narrow strip of land along the Mohawk River, which is almost the only available railway route in New York state between the Hudson River and the West. The same is true of the Pennsylvania and the Baltimore and Ohio systems further south. Compe-

tition is only possible by tunnelling through mountain ranges and the appropriation of city lands of fabulous value.

It is their identity with the land that makes the highways of the nation natural monopolies. It is this that explains the ease of their consolidation, the watering of their securities, the constant growth of earnings, and the difficulty, if not the impossibility, of regulation by the nation or the states.

And the value which a railway enjoys is like that of the land underlying a city. Its earnings increase with the growth of population and of industry. Locomotives, cars, and equipment can be reproduced indefinitely, just as can wagons, carriages, or automobiles. In these things there can be no permanent monopoly. But in any industry affixed to the land, like a railway, a franchise corporation, or a mine, monopoly is almost inevitable. For continued competition is impossible.

We can see this identity of the railways with the land in the growth in their securities. In 1906 the aggregate outstanding railway securities of the country were $14,570,421,478, of which $7,766,-661,385 was in the form of bonded indebtedness. According to the United States Census valuation, the total wealth of the country in 1904 was $107,-104,000,000. The outstanding securities of the railways amounted to 13.7 per cent. of the total. The bonded indebtedness alone amounts to $36,213

per mile. This is more than the known average cost of construction of many roads. In many instances the bonds have been watered as well as the stock. In 1898 the total railway capital was but $10,818,554,031; in 1900 it had increased to $11,491,034,960, in 1903 to $13,213,124,679, while in 1906 it had risen to $14,570,421,478.

Capitalization fast outruns the growth in mileage. During the year 1905, $600,000,000 of new securities were issued. The construction in that year was but 4,000 miles. This is equivalent to $150,000 a mile, probably more than three times the actual cost of the increased mileage. According to the report of the Industrial Commission $457,000,000 of securities were issued in 1900, of which not more than $120,000,000 could be assigned to new construction.

Wherever population is densest there the capitalization is highest. The Erie Railway carries a capitalization of $300,000 per mile. The Lake Shore and Michigan Southern, a road of much superior construction and equipment, is capitalized at $100,000 per mile. The total capitalization of the Michigan Central Railroad amounts to $402,000 per mile. The average capitalization for the entire country is $81,791 per mile.

The watered securities of the railways are society's contributions to the owners. They represent no increase in the wealth of the nation, no

great intelligence or thrift on the part of the owners, no addition to the comfort and convenience of the people. Increased capitalization where no real investment is made means increased orders on the labor and industry of the future.

It is possible to measure the exertions of society on behalf of those who own the highways in the growth of their earnings, as well as in their increasing capitalization. In 1897 the gross earnings of the railways amounted to $1,222,089,773. Ten years later they had grown to $2,346,640,000. During the same period net earnings increased from $369,565,009 to $790,188,000, a gain of $420,622,991. During these years railway mileage increased but 22.2 per cent., while the gross and net earnings increased over 100 per cent. and the dividends over 200 per cent.

In this, as in many other respects, the nineteenth century has reproduced the institutions of earlier ages. The private ownership of the railways is an instance of political atavism. Along the banks of the upper Rhine, perched upon some inaccessible crag or point of land, may still be seen the majestic ruins of castles fast passing to decay. They date from a period when the only authority was force, and the only government the will of the feudal overlord. Throughout lower Germany from the Netherlands to the Tyrol; in France, in Austria, in Italy—in fact all over the face of Europe, these

monuments of an earlier society stand out grimly from every point of vantage, suggestive of the reign of force and lawlessness which was the only government in continental Europe for a thousand years. From these fastnesses the lords of the surrounding territory levied tribute upon the caravans which passed that way. They, too, did it as a matter of right. Did they not own the highways? They filled their castles with the tapestries and the luxuries of the Orient. They took what they needed of the industries of Italy and Germany; theirs were the best of wines and the costliest of furnishings. Without labor they maintained themselves and their followers through the labor and industry of others. This tribute was exacted no more arbitrarily than that of the railways of to-day. Then as now this power was possible through the ownership of the land, by means of which the highways of the country were controlled.

The railways of to-day levy tribute upon all trade. They collect a toll upon all industry. By reason of the complexity of industrial relations, the railways have become indispensable to our life. They are the arteries of commerce. Were they closed by some calamity of nature, the entire population of our cities would be on the brink of starvation in a few days' time. All industry would come to a standstill. To this extent are we dependent upon the will of the modern barons of privilege into

whose hands we have intrusted this most vital function of our lives. Every article of consumption is subject to this tribute; a tribute which is fixed by the arbitrary will of a handful of men, just as was the toll of the passing traveller of the Middle Ages to the overlord of the territory through which he passed.

The identity of the railway with the land not only explains the increase in capitalization and the growth in earnings, it also explains the ease of their consolidation. The railways cannot be duplicated. The very nature of the railway business makes it a monopoly; a monopoly which has rapidly concentrated into a very few hands.[1]

[1] Senate Document No. 278, 60th Congress, 1st session, 1908, on "Interstate Commerce Corporations Owning Capital Stock of Other Transportation Companies," shows the extent of this community of control and interest between the railways of the country as well as the extent to which this control is lodged in the banking and financial interests. From this it appears that fifty-one persons constitute a majority of the board of directors of the great railway systems of the country, comprising 53.29 per cent. of miles operated, 64.7 per cent. of the gross earnings, 71.69 per cent. of the ton mile of freight carried, and 66.12 per cent. of the commercial value of operating property. The report says: "The extent of the centralization of control in railway administration is not fully disclosed by the information thus far presented. Community of interest and unity of direction extend beyond the contractual or proprietary relations which underlie the systems. This may be termed the control of group interests. It has long been a matter of common knowledge that in many cases a comparatively small number of men, acting unitedly, may, through their ownerships or control of stocks in the controlling corporations of two or more systems, unify the operations of those systems in such a wise as to produce as harmonious operation as could be had if all the elements were aggregated into a single

There are six great groups[1] whose mileage and capitalization includes practically all of the greater transportation agencies of the country. And these groups are interrelated by the closest of ties. They are banded together by the closest of business, personal, and financial interests.[2]

system. . . . When the same individuals constitute harmoniously acting majorities of the boards of directors of two or more corporations, it seems proper to say that the control of the particular corporations whose boards are thus constituted is actually unified."—P. 109.

It further appears from the same report that ninety-three persons, acting together, would be able to control more than 75 per cent. of the operated mileage of the country, more than 81 per cent. of the gross earnings, more than 87 per cent. of the tonnage, and more than 82 per cent. of the commercial value of railway operating property.—P. 110.

As a matter of fact, if the individuals who nominally appear upon the directorates of these railways were still further reduced to the real owners, it would be found that six or eight financial interests, the Rockefeller, Morgan, Vanderbilt, Harriman, Gould, Pennsylvania, Kuhn-Loeb, Moore, and one or two other harmoniously acting financial groups, really controlled from 75 to 90 per cent. of the railway systems of America.

[1] By 1903 the following community of interest had come to prevail:

Group	Mileage	Capitalization
Vanderbilt group	21,888	1,169,196,132
Morgan	47,206	2,265,116,350
Harriman, Kuhn-Loeb . . .	22,943	1,321,243,711
Pennsylvania	19,300	1,822,402,235
Gould, Rockefeller	28,157	1,368,877,540
Moore	25,092	1,070,250,939
	164,586	9,017,086,407

See Moody's *Truth About the Trusts*, p. 439.

[2] "The financiers who are at the head of an entirely administered railroad trust are J. Pierpont Morgan, John D. and William Rockefeller, W. K. and W. F. Vanderbilt, George J. Gould, A. J. Cassatt, James J. Hill, Edward Hawley, H. H. Rogers, August Belmont, Thomas F. Ryan, W. H. and J. H. Moore. . . . The superior domi-

This narrowing of control will undoubtedly continue. Competition is already at an end. In the hands of a syndicate of stock speculators the life and industry of 80,000,000 people rests. Through discrimination and rebates they have crushed out competition in the oil business; they have concentrated the ownership of the anthracite and bituminous coal in their own hands; they have aided in the monopolization of the iron and the steel, the sugar and the tobacco monopolies. The meat-packing monopoly has been fostered by car and freight-rate favors until it is invulnerable. Almost every one of the universal necessities of life has been monopolized by this process, or its cost increased to the consumer. For the power to fix railway rates is the power to destroy. It is, in all respects, a power to arbitrarily tax. The standard of living of the consumer, the farmer, and the mechanic lie under this control. The prices of wheat and of corn, of beef and of other foodstuffs are now determined in the markets of the world. That which the farmer receives is fixed in Liverpool. The returns of his efforts are determined by none of the elements which control the returns of the manufacturer, the retail dealer, or the professional man. They are fixed by the

nating influence of Mr. Rockefeller and Mr. Morgan is felt in greater or less degree in all of the groups."—Moody's *Truth About the Trusts*, p. 442.

competition of Russia and Argentina. And the railways determine what portion of the world-made price the farmer shall receive. It frequently costs as much to place his wheat and corn at the seaport as he receives for it. The charges of the railways, like the rent of the landlord in Ireland, is fixed by what the railway managers think the farmer will bear. Such a power has no parallel in the history of mankind.

The railway problem is far more serious than the evils which have been thus far attacked. Legislation has been directed against discriminations and rebates. But a more serious evil remains, an evil far greater than that at which the legislation of the past few years has been directed. And that is the evil of monopoly charges and the inevitable consequence from the trusting of so important a function to private hands. This is an evil approved by law.

We have some means of knowing what the railways take in monopoly profits. That is shown by their dividends. But we do not know what they destroy. We have no means of knowing what the productive power of the country would be were the transportation agencies adjusted to the service of the nation rather than to the service of the speculators of Wall Street. We cannot tell what would be the effect upon the farmer and the manufacturer, the jobber and the worker were railway management concerned only with the convenience and comfort

of the community rather than with the making of dividends. We cannot tell what the gain to the nation would be were it not only freed from freight discriminations and favors, but from the excessive charges, and the desire for private advantage, which now form the motives in the administration of the highways of the nation. That can only be ascertained when the railways become in fact, as they are in legal theory, public carriers operated by the government for the service of the community.

CHAPTER XIII

"FROM HIM THAT HATH NOT SHALL BE TAKEN AWAY EVEN THAT WHICH HE HATH"

JUST as, under the feudal *regime*, the first-fruits of the field were taken by the lord of the manor as a tribute of his lordship, so to-day the owners of the land take from those who toil a tribute in the form of rent as an evidence of the same servitude. Ground-rent is the continuing badge of feudal servitude; a servitude which has come down to us from the dark ages when force ruled the world. The worker of to-day differs from the serf of the Middle Ages in the form of the payment. Rent is the money equivalent of the personal services of earlier days. But despite the change which has taken place in the form of the tribute, the mass of the people are still subject to the most costly incidents which feudalism involved.

We are now in a position to measure the tribute which must be paid to those who own the land. That which we can see runs into the thousands of millions of dollars each year. It exceeds by hundreds of millions all of the taxes paid to the nation, the states, and the cities. It equals the combined labor of America's 16,000,000 men at three

dollars a day for at least fifty days in every year. To-morrow it will be more than it is to-day. Long before another generation passes it will be more than doubled. For agricultural rent is just beginning to grow. All land now has a monopoly value. The rent to be paid must rise in consequence, for rent is fixed by the demand for its use.

We have seen that the value of the land underlying the city of New York is $3,843,165,597. The annual rent which its owners receive is not far from $200,000,000. And this mine which underlies the city is inexhaustible. The treasure which is taken out to-day in no way diminishes the treasure which may be taken out to-morrow. Only those who labor are the poorer because of its payment. They are carrying an annual burden greater than the total interest charge on the national debt at the close of the Civil War. And this is a charge which is prior to all others. It is collected far more accurately than are the taxes of government. It must be met before any other activity is possible. All of the people of the metropolis and, in a sense, all of the people of America are subject to this money tribute. It is exacted in the slum as it is upon the avenue; it is collected from the office building as it is from the tenement. It is a burden upon all industry as it is upon all wages. It enters into the cost of every commodity. It is the heaviest charge on the life of the people. Ground-rent

is the largest single item in the domestic budget and it is all paid by labor.

It is the colossal land values of the city of New York that drive up rents on the East Side; it is the burden of rent that explains the 60,463 annual evictions in the borough of Manhattan, and the fact that one in every ten persons who die in New York is buried at public expense in the potter's field.[1] It is this that explains the thousands of persons who nightly wait on lower Broadway for a crust of bread. The rent charge of the metropolis is equivalent to a per-capita burden of over $50 per annum upon every man, woman, and child in the city. It amounts to from $200 to $250 a family.

The wealth with which the ancient estates of England are being rehabilitated is being wrung from the sweated labor of the East Side of New York. It is the labor of America that is endowing colleges and universities and libraries. It is from the meagre wages of the most destitute of God's creatures that the privileged classes of Europe and America maintain themselves in luxury. Everywhere and in every age private ownership of the land means aristocracy. Everywhere, too, it means poverty. Everywhere it means a more relentless struggle for existence, and a constantly

[1] *Poverty*, Robert Hunter, pp. 24 and 25. The number of evictions is for the year 1903.

falling standard of living and ultimate national decay.

To-day all America and, in a sense, all of the world, is paying tribute to the baronial owners of the land which underlies the Empire City. At a thousand dollars a year a man must work ten full centuries to earn one million dollars. Ten thousand men at such wages must work half a lifetime to pay a single year's rent of the people of New York. Two hundred thousand men from the workers of the metropolis must work for ten long years, ten hours a day, and three hundred days every year to pay the annual incomes of the few thousand men who own the land underlying the city. The most ruthless Roman governors sent out to govern her subject provinces enjoyed no such colossal tribute, and worked no greater devastation upon subject peoples than that which is annually inflicted upon the free citizenship of America's greatest city. No wonder the vestibule of the new world presents a spectacle of degraded poverty to the million immigrants who annually crowd to America to escape from the burden of landlordism in foreign lands.

That which is true of the city of New York is true wherever mankind has come together in great cities. The annual increment in the value of city land has created and is creating fortunes whose colossal proportions so far exceed the needs of their

owners that the annual excess is used for the purchase of still greater holdings.[1]

But rent is not limited to the agricultural tenant or the slum dweller. It is paid upon the iron, the coal, the oil, and the gas sites as well. Rent is the annual value which arises from the superior advantages which one piece of land enjoys over another. It may be a corner lot on Broadway, a placer mine in distant Alaska, a lode of gold or silver 10,000 feet above the sea in the Cripple Creek regions. It may be a great deposit of Bessemer ore or of anthracite coal. The values which the mineral lands enjoy are identical with the land

[1] In 1900 the value of the land in the city of Philadelphia amounted to $978,259,355. (Bulletin of Bureau of Labor, January, 1904, p. 106.) At five per cent. per annum, this is equivalent to an annual charge of $44,000,000. It is a burden of over $200 upon the backs of every family of five in the city. In fifteen years' time the land underlying the city increased in value by $291,545,527, or at the rate of $19,500,000 per year. The value of the bare land in the city of Boston, together with the franchises of the public service corporations, amounted to $842,600,000 in 1902. For five years the average per annum increase was $21,753,000, or three and three-quarters million dollars more than the annual revenues of the city. In nineteen years' time the land in San Francisco increased $175,000,000 in value, or $9,218,254 a year. This was nearly four millions a year more than the total taxes of the city. In the city of Washington the minimum increase in the value of the land was $10,000,000 a year, or $2,000,000 more than all of the expenditure of the city. If the naked land underlying these cities is worth these sums, it is because human labor is paying rent which is equivalent to the customary rate of interest on capital. City by city the exhibit is the same. The annual increase in the value of the land alone exceeds all of the expenditures of the community. The speculative increase in values might all be taken in taxes and still the owners would be richer each year than they were the year before.

values of the country and the city. They spring from no labor of the owner. They arise from no skill of man. Only the necessities of humanity give them a value, a value which increases with every social activity. And the value which they enjoy is a mortgage on labor, a mortgage as scrupulously collected as any government bond. The capitalization of $800,000,000 placed upon the iron-ore and coal lands of the Steel Corporation is only possible because of the profits which the trust may take from the people of America in the form of rent. The franchises of the public service corporations of the city of New York have a value in the market of many hundreds of millions, only because of the exclusive rights which they enjoy upon the streets, rights which enable their owners to collect from the labor of the metropolis from forty to fifty million dollars a year in excess profits. If the anthracite coal monopoly exacts from one to two hundred million dollars a year from its consumers in excess of the reasonable cost of producing 70,000,000 tons of coal, it is because the baronial owners of north-eastern Pennsylvania have been able to enclose one of the most precious sites on the globe, a site which yields them a rental of this amount every year.[1] If the railways of the coun-

[1] In the days of free competition anthracite coal sold at from $2.55 to $3.00 a ton at seaboard.—*The Anthracite Coal Industry*, Roberts, p. 74. It now sells for twice the figure.

try are capitalized at from five to seven billions more than their reasonable cost of construction, it is because the labor of the nation in some form or other is paying dividends upon that sum.

The gross earnings of the railways of America have doubled in ten years' time. The roads need only to provide the service for a need already existing. And the tribute which they collect is determined by the same necessity that forces up rents in the tenement districts of our cities. It is fixed by what humanity will bear.[1]

It is not possible to know the value of the mineral deposits, of the coal and the iron, the copper and the oil, the gas, gold, and silver mines which are largely owned by the same syndicates which control the railways of the nation. We do know that the annual value of the mineral production of America amounted to $2,069,289,196 in 1907.[2] Neither can we tell the amount of the tribute exacted by the street railways and the gas, the telephone,

[1] In 1906 the gross earnings of the railways of the country were $2,346,000,000. The net earnings from operation were $790,188,000. While the operating expenses increased only nine per cent. for the fiscal year, the net earnings increased over fifteen per cent. And it is probable that if we knew all of the ramifications of the railway business, all of the connections of railway directors with the express, the fast-freight, and the car lines; if we knew all of the hidden means employed by these sympathetic agencies, we should find the tribute imposed upon the nation by the owners of the highways in excess of a fair return for the service performed, is not far from three-quarters of a billion dollars a year.

[2] The United States Geological Survey, special report, 1908.

electricity, and the water companies. The value of the franchise corporations of the country is estimated by the Census Bureau at $4,840,000,000. It is probable that the tribute which they exact in the form of rent for the sites which they occupy is from $200,000,000 to $400,000,000 a year; while that of the mine-owners exceeds the latter sum.

When we add together the site values of the cities, the unearned values of agricultural land, the franchise values of the railways, transportation, transmission, and public-service corporations, when to this is added the social value of all of the mineral resources of the nation, we have a grand total of social values of from forty to sixty billion dollars. We cannot tell how much it may exceed this sum. But from the investigations of the census, of the Interstate Commerce Commission, of the Geological Survey, and of city assessment records, we know enough to be sure that the above estimate is low. The unearned increment probably amounts to $1,000 per capita for every man, woman, and child in the country. This would give an aggregate social value of over $80,000,000,000. The assessed value of the land and the franchises alone in New York City amounts to $980, and in Manhattan borough to $1,376 per capita. In Boston the assessed value of the land and the franchises amounts to $1,100 per capita. These values do not include

the railways and the mineral resources of the country, but only the values of the city sites.

Upon this colossal sum the labor of America is paying rent of from three to four billion dollars a year. It amounts to from forty to fifty dollars per capita, and from two hundred to two hundred and fifty dollars per family. It is collected in a thousand different ways. It enters into the cost of every commodity. It reduces the standard of living of all classes. And this tribute is all paid by labor; not by labor of the wage-earner alone, but by the labor of the professional man, the teacher, the capitalist, and manufacturer. Alike, they are all despoiled by the landlord. For rent can come from no other source than labor. From out the annual income of the nation, the landlord is the first claimant to be satisfied. He and hunger compete in the annual division of the product.

It is the labor of America that is supporting the idle rich in the capitals of the world. It is labor paid in the medium of rent upon the coal and the iron-ore deposits of the United States Steel Corporation that enables the cities of America to be dotted with libraries, just as it is the rent for the oil, the copper, and the gas deposits that enables Mr. Rockefeller to promote philanthropy and endow great universities.

All society is yoked to those who own the land, who work not nor spin. It is not necessary that

they should work. For all mankind is working for them. Nature herself, who brings forth from each of its kind, labors for those whose income is proportionate to the resources which they have enclosed. Every useful activity adds in some way to the unearned increment of the land which is society's own product. The achievements of every walk of life are passed on and on until they finally lodge with those who have filled their strong-boxes with title-deeds of ownership of the gifts of God to all his creatures.

While poverty is explained by immigration, by improvident marriages, by the Malthusian law of population, by the drink evil, by the inequalities in the endowments of men, the real cause is nearer at hand. It is to be found in the burden of rent, which is slowly, but none the less finally, appropriating the surplus wealth of the people.

Among the mythological traditions of the ancient Greeks is the story of a wise and wealthy king whom the gods themselves delighted to honor. They permitted him to dine with Zeus, who loaded him with distinctions because of his wisdom. Yet the king presumed upon his privileges and favors. Not content with the honors which he enjoyed, he stole the food reserved for the gods. In other ways he transgressed the privileges of mortals. His crimes finally gave such offence to the gods, that he was condemned to eternal punishment in Tartarus, a

vast and gloomy expanse far below Hades itself. Here he was tortured by an ever-burning thirst. He was plunged into water up to the chin. When he sought to drink, the water receded from his parched lips. He was consumed with hunger. Just above him were tall trees; their spreading branches laden with delicious fruits hung temptingly over his head. But no sooner did he raise himself to seize them than a wind carried them beyond his reach. Thus Tantalus lived within easy reach of abundance with which to satisfy his wants, condemned, by his own unwisdom, to eternal hunger and thirst.

Free America, rich, wise, and endowed with resources more ample than all the rest of the earth, has ventured to violate the experience of all history and the teachings of all nature. She has abandoned the resources with which she was endowed to private monopoly.

Herein is the paradox of civilization; herein is the explanation of increasing poverty with increasing wealth; herein is the law of civilization and decay. For whatever the exertion of the worker, whatever the gains to production, they inevitably pass to those who own the soil. In time the growth of population will lead men to offer more than the land will produce for its use. They will offer this as a stay of execution, just as a condemned criminal seeks a reprieve from a death

penalty which he knows to be inevitable. For the increase in rent reduces the portion retained by labor, until it becomes less than life itself demands. Progressive impoverishment then sets in, and national decay results in national ruin.

CHAPTER XIV

SOME OF THE COSTS OF LAND MONOPOLY

But the increasing burden of rent is not the only sacrifice which the private ownership of the land involves. Private land ownership is to the production of wealth what a ball and chain would be to a runner, or a kedge anchor to a racing sloop. We have no means of knowing how much wealth would be produced were the land and its opportunities unlocked and opened up to labor.

As we have seen, the population of America is but 28 to the square mile. This includes the thirty odd millions who dwell in cities. The people of Germany dwell 280 to the square mile, of France 188, and of contented Switzerland 218 to the mile. Were America peopled as snugly as are these European countries, our population would range from 500,000,000 to 800,000,000 souls. Nor is this population of ours made up of home-owners. As we have seen, 35.3 per cent. of the farms of America are worked by tenants, while only 54.9 per cent. are free from some encumbrance or other. At the same time over 200,000,000 acres are in the hands of less than 50,000 persons, the average size of whose holdings is 4,237 acres. This is one-fourth of

the total cultivated area of the country. It exceeds the combined area of Great Britain and France.

These plantation estates are scattered all over the West. Some of them exceed a million acres in extent, and many of them exceed a hundred thousand. They are held for speculation or grazing. Those that are cultivated at all are worked by hired men. These workers are cheaper than the slaves of the plantation-owners of the South. They come to the employer mature and able-bodied. They involve none of the hazards of rearing or purchase. When no longer efficient, when sick or disabled, others are there to take their place.

It is land monopoly that limits the population of a great part of the West to the "hands" necessary to cultivate the estates. It is land monopoly that converts great prairie stretches, capable of maintaining millions of men in comfort, to the grazing of cattle. It is this that encourages the least productive forms of agriculture, and involves the consequent increase in the cost of all the necessities of life.

That which is true of a great part of the West is increasingly true of other sections of the country as well. In the mountain regions of the Carolinas, of Tennessee, West Virginia, and Kentucky, in Florida and in Virginia, the farmer is being driven out by the Northern capitalist. Men whose grandfathers and great-grandfathers broke through from

the sea-coast, in the seventeenth and eighteenth centuries, are selling their holdings at an insignificant price to speculators, who are denuding the mountain-sides of the forests, who are holding great areas out of use because of the mineral resources deposited in them, or are developing them as private estates. Men who now work these forest preserves, or labor in the mines, were once their owners. Where formerly there was industrial freedom, now there is industrial servitude. Others have gone to the towns, where they quickly dissipate the insignificant sums received for their holdings. In the mill regions of the South one finds the children of these small farm-owners at work in the cotton mills. Many of them not yet in their teens work from ten to fourteen hours a day. Here they become aged before their time, the victims of disease and of unsanitary surroundings. Here they labor in great numbers from early morn till late at night, and from early youth to the grave, in the fetid atmosphere of the Southern mill.

It is very generally assumed that ownership of the land is necessary to efficient production. A little reflection will show that this is not true. The right to own the product has nothing whatever to do with the right to own the land. Society would not hold together for a season did it not assure to him who ploughed the ground and made it ready for the harvest the right to enter on the fields and

gather the crops. It is assurance of a right to the product that stimulates production, a stimulus that is wanting to an increasing percentage of agricultural workers of America who form the tenant class.

Were one of our acquaintances to erect a palatial residence in the heart of the city; were he to gather together from every quarter of the world the works of art and refinement; were he to fill it with the most costly plate and the most beautiful Gobelin tapestry; were he to line its walls with marble from the famous quarries of Carrara, and its polished floors with Persian rugs; were he to prepare a house as if for a princess, and then turn it over to his hounds as a kennel, a commission of lunacy would be appointed by his friends, and the control of his property would be taken from him.

Yet America has done far worse than this. Endowed with land for many times our present population, we have closed that opportunity against ourselves. We are repeating the most colossal mistakes of history. Just as the highlands of Scotland, which produced the hardiest of Great Britain's people, have been cleared of humanity to make sheep farms and hunting preserves for the aristocracy, so a large part of America has been parcelled out into great plantations owned by corporations and individuals. Speaking of the "clear-

ances" of Scotland, the British scientist, Alfred Russel Wallace, says:

"The motive for these clearances is usually to obtain a larger or securer rental for the land, either as sheep farms or as deer forests; and for this purpose tens of thousands of British subjects have been driven from their homes, often to swell the mass of indigence and crime in the great cities, while the country is being denuded of a hardy, industrial, moral, and intelligent population to which our army has been indebted for men and officers who, in India and elsewhere, have done the noblest deeds, and added to the nation's roll of fame. Such clearances are a deep injury to the state and a positive crime against humanity, of the same nature (though less in degree) as despotism or slavery. Yet they are legal; and no power exists which can prevent them, so long as the land, without which no man could live, is allowed to be monopolized by the rich." [1]

That which is true of Scotland is true of England and Ireland as well. By means of the enclosure acts and the exemption of the land from direct taxation, by means of settlements and entails, the land of Great Britain is more closely held than anywhere else in the world. According to the British Doomsday Book of 1875, 1,200 persons own one-quarter of the soil of England, Ireland, Scotland, and Wales. The average size of these estates is 16,200 acres. Another quarter of the land is owned by 6,200 persons, whose holdings average 3,150

[1] *Land Nationalization*, p. 180.

acres. In Scotland the land is even more closely owned. A single owner is possessed of more than a million and a quarter acres. Seventy persons own one-half of the land, and 1,700 nine-tenths of it. In Ireland the conditions are the same. In that unfortunate land two-thirds of the soil is owned by 1,700 landlords. Great Britain is carved up into great territorial estates like those of France under the feudal *regime*.

A great part of the land is used for hunting preserves and idle pleasure. Much of it is devoted to the grazing of cattle and indifferent cultivation. But an insignificant portion is cultivated intensely, and practically all of it is worked by a tenant class. Less than one-fifth of the population is engaged in agriculture. The nation is face to face with the problem of poverty produced by the rack-rents of country and city and the exclusion of humanity from the land, while a handful of landlords enjoy rent-rolls running into the hundreds of millions of dollars. In this is to be found the explanation of Britain's decay. For nearly eight millions of her people live on the border-land of starvation, and fully two-thirds are very poor. One person out of seven dies in a public hospital, asylum, or workhouse. In the cities of London and Liverpool one person in every four dies in some public institution. Nearly fifty per cent. of the army candidates from the cities are rejected as physically un-

fit for service, while the condition of the peasant class is but little better.

These are the fruits of land monopoly in Great Britain, where the withholding of the land from use and the competitive rents for that which is used have reached their final consequences. They are not dissimilar from the conditions which impoverished Ireland a generation ago.

But the costs of land speculation are not confined to the agricultural worker. They are not limited to the tenant class on the plantations of the West. The cost of monopoly is scarcely less obvious in the mineral resources as well.

In the upper lake regions of Minnesota, Wisconsin, and Michigan are to be found the most marvellous iron-ore deposits in the civilized world. Not far away are similar deposits of copper. All through the central West are coal, oil, and gas adequate for the needs of generations. Yet the amount of iron, the amount of copper, the amount of coal, oil, and gas that humanity may use is determined by those who have appropriated these deposits. The supply is doled out as cupidity or greed may determine. The resources of the earth are closed to labor and industry. Humanity is warned off the land in order that the prices of these great necessities may be fixed by the needs of life itself.

In the anthracite fields of Pennsylvania are great areas of coal lands that are not operated. Upon

this supply the life of the Eastern seaboard depends. Yet it is surrounded as by a Chinese wall. Labor may not enter and no fuel may go forth except on the terms which monopoly dictates. A generation ago competition prevailed in these regions. Then the output of coal was governed by the same law which regulates the output of wheat, of potatoes, of shoes, of clothes, of all those commodities which are governed by the law of competition. Under competitive conditions prices are fixed by the relative amount of labor which enters into each commodity. There is no overproduction of these things. Society instinctively produces what it needs with something like divine foresight. And in the days when competition ruled in the anthracite coal-fields, the price of coal at the seaboard ranged from $2.55 to $2.60 a ton. Twenty years ago it sold for $3.00 a ton.[1] To-day it sells for approximately $6.00 a ton. It is fixed by the railroad syndicate which controls the region.

A generation ago there were more than a hundred operators in this field. Each operator strove for the greatest economy in production, and the best market for his output. The railways and canals were eager for traffic. They sought the convenience of the shipper. The operator had no difficulty in securing cars. He was offered competing outlets to the seaboard. Finally the railroads

[1] *The Anthracite Coal Industry*, Roberts, p. 74.

entered the mining business. Then they discriminated against the independent operator. They refused to give him cars. In time they crushed him out and acquired control of his property. Competition was ultimately destroyed. To-day the coal is bottled up as completely as were the Russians at Port Arthur. There is opportunity here for labor, limited only by the needs of man. But the storehouse of nature has been closed, and the railroads carry the keys. They have decreed that only a limited portion of the capacity shall be worked. Prices are maintained by charging "what the traffic will bear," while labor is excluded from the opportunity of employment. By this process they exact from the life and industry of the country at least $2.00 a ton more than was paid in the days of free competition.

In our cities the cost of land monopoly is equally manifest. The speculator retards development. He strangles the city. It is estimated that at least one-half of the area of every large city is inadequately developed. It is held for the purposes of speculation or covered with "tax earners." A scarcity value is created. On such land as is used rents are forced up in consequence. The private dwelling gives place to the apartment house. Where once there were homes now there are tenements. City land values have become prohibitive to the great mass of people. Only a diminishing minor-

ity own their own homes. They could build and would build were it not for the initial cost of the land. Labor is thus limited in its opportunities, as is the production of other wealth.

City building is strangled by the same influences. Streets are cramped; beauty is subordinated to the use of every inch of soil. Great public improvements are rendered impossible. The building of schools and libraries, the opening of parks and playgrounds, the development of docks, the making of the city what it should be, are throttled by the land monopolist, whose dead hand makes the cost of city building prohibitive.

Everywhere untouched resources in abundance. Everywhere land inviting labor to bring forth wealth for our use. Close beyond the walls of the city, with its disease-breeding slums and tenements, is land upon which homes could be erected did its price not prohibit its purchase. Mines, forests, quarries, and resources more ample than those of all Europe, are kept out of use by the monopolist and speculator. Within our cities are strength, talent, and genius, trained by a system of universal education and eager for the expression of their life. So eager is labor for a chance, and so limited are its opportunities for expression, that the sweat-shops are crowded to suffocation, while the mining regions swarm with men fighting for a chance to spend their lives underground. At the same time millions of men are constantly out of employment, while

millions more are on the dead-line of poverty. Between labor and opportunity the land-owner has drawn a dead-line which may not be crossed.

Were a syndicate from Wall Street to gather together all of the bread of the city of New York; were it to say to the people of the metropolis, "You may have so much food as we daily determine, on condition that you labor for us a certain number of days each week," riots would ensue, riots which the police and militia could not check. Yet such is the notice which has been served upon America. For land is as essential to life as bread itself. It is the source of all wealth.

Charles Stewart Parnell used to quote with approval, in explanation of the misery of his own unhappy land, the following words of Henry George:

"Man is a land animal. A land animal cannot live without land. All that man produces comes from the land; all productive labor, in the final analysis, consists in working up land or materials drawn from land into such forms as fit them for the satisfaction of human wants and desires. Man's very body is drawn from the land, and to the land we must return. Take away from man all that belongs to the land, and what have you but a disembodied spirit? Therefore, he who holds the land on which and from which another man must live is that man's master, and the man is his slave. The man who holds the land on which I must live can commend me to life or to death just as absolutely as though I were his chattel. Talk about abolishing slavery—we have not abolished slavery; we

have only abolished one rude form of it, chattel slavery. There is a deeper and more insidious form, a more cursed form yet before us to abolish, in this industrial slavery that makes a man a virtual slave, while taunting him and mocking him in the name of freedom."

It is only the ingrained usage of generations that blinds our eyes to the devastating effects of the private ownership of the land. It is far more costly than the tariff, far more ruinous than discriminating freight rates. It is not so much the burden of rent, it is the strangling of wealth production that makes the private ownership of the land so costly. It affects the industrial life of a people like an invading army. It is not the burden of its maintenance that makes it so costly, it is the abandoned fields, the deserted workshops, the confusion to all trade and industry, and the blight which settles on the country which makes a defensive war so exhausting. It is not the amount destroyed, it is the wealth that is never produced that measures the cost. At the close of the Franco-Prussian war an indemnity of one billion dollars was exacted from the people of France. This colossal tribute was paid with comparative ease. But had the nation been devastated by an army of occupation, had the mills and the factories been closed, had the peasants been driven from the fields, as were the people of the Southern States of

America, such an indemnity would have been out of the question. It could not have been paid by a prostrate people.

And it is the wealth which is never produced by the labor which is never employed, or is badly employed, that measures the loss from the private ownership of the land. This is the costliest price of all. And the correction of this injustice has engaged the attention of almost every people, from the early Hebrews down to the land of legislation of Great Britain to-day. In some form or other the agrarian question is uppermost in every country of Europe, but it is only in far-off New Zealand and New South Wales that a democratic solution is being tried, a solution that not only recognizes the right of the community to the unearned increment in the value of the land, but strikes at the root of land monopoly by forcing the owner either to use that which he holds or to sell it to some one who will.[1]

[1] England herself is following in the footsteps of her colonies. The Liberal budget for the year 1909 was avowedly a social as well as a fiscal measure. In presenting it to the House of Commons the Chancellor of the Exchequer, Lloyd George, said that its purpose was to stimulate the use of the land and aid in the breaking up or forcing into use of the land which was held idle in the kingdom. The means employed was the taxation of undeveloped land on its capital value. The rate of taxation imposed was not high, but the promoters of the measure undoubtedly contemplated the increase in the rate as soon as a valuation had been made or the cities and local authorities had been authorized to levy a local rate on land values. It was the fear of this that influenced the House of Lords to reject the measure.

CHAPTER XV

THE FUTURE OF LABOR

From now on the struggle for existence will increase in intensity. From now on the cost of living will be more exacting. The chance for a decent human existence is daily narrowing. The number on the border-line of poverty is constantly increasing. All this is inevitable. For the supply of land is constant, and a large part of it is kept out of use. The demand for standing-room is increasing with every tick of the pendulum of time.

The real explanation of the labor problem is obscured by the appearance of things, by the wages system, and the struggles of capital and labor. We do not see through the industrial question into the real struggle of classes which lies back of it all. For lack of employment, hard times, the wages question, and the poverty everywhere appearing are but part of a larger problem, a problem which can only be cured by going back to its cause, a cause which is to be found in the private ownership of the land and the resources of the nation.

This being true, labor can no more improve the general standing of living by organization than a man can lift himself by his boot-straps. Trades-

unionism may maintain the scale of wages in certain trades; it may even increase nominal wages in the highly skilled industries. But even in these trades the improvement will be only an apparent one.[1] For the increase in the cost of living will more than absorb the increase in nominal wages. No array of statistics can modify this tendency, a tendency which has been very manifest during the past few years. But the investigations of public and private agencies show that wages have not been rising as rapidly as has the cost of living. It cost fully one-third more to maintain life in 1905 than it did eight years before. Wholesale prices were higher in 1905 than at any time in the recent history of America. It required $1.30 to purchase as much in that year as was attainable for $1.00 in 1897. It is estimated that during the ten years prior to 1907 the cost of living went up forty per cent., while the wages for unskilled labor remained practically stationary. During this period the wages of organized labor increased but seventeen per cent., and organized labor as a whole does not include more than three million of America's working population.[2]

[1] As a matter of fact even nominal wages have fallen. The Census Bulletin on Manufactures, covering thirty-three states, shows that whereas the average wage in 1890 was $418.48 a year or $1.39 a day, in 1900 the average wage was but $397.53 a year or $1.29 a day.

[2] The Bulletin for the United States Bureau of Labor for March, 1908, presents a study of the variations in the wholesale prices of

But nominal wages form only one factor in the equation of real wages. The actual income of any class can only be ascertained by the amount of goods which the income of that class will purchase. Wages are high or low, according to the comfort and happiness of the worker. Nominal wages may be very high, as they are in the Yukon or in the new mining camps of the West, but if every cent that is received is expended for the barest necessities of life, real wages are very low.

It is the unskilled worker who is suffering most from the increasing cost of living. And the unskilled laborer comprises at least two-thirds of the working population. He does not organize. His employment is precarious. His work is of transitory nature. There is no cohesive trade sympathy to keep him united with his fellows.[1] The agricultural worker falls into the same class. He, too, is suffering a progressive diminution in his wages as well as in his standard of living. The same is true of the salaried and professional classes.

From now on the cost of the necessities of life must continue to increase. This is already apparent

258 representative articles from 1890 to 1907. It states that the average price of all articles for the year 1907 was 44.4 per cent higher than that of 1897.

[1] *The Journal of Political Economy* (June, 1905, p. 359), in a scientific analysis of the wages of unskilled labor shows that "the wages of common laborers remained practically unchanged from 1890 to 1900," while the increase in the cost of living has materially reduced their real wage.

in rent. The increase in the tenement districts of New York has been so rapid as to lead to organized resistance. The cost of coal, of beef, of foodstuffs, of cotton, of leather, of wool, of transportation, of coal, iron, copper, of all of the elemental products which come directly from the land, has been going up with great rapidity during the past few years.

This increase in the cost of living is due to monopoly in its various forms, but most of all to the monopoly of the land and the storehouse of nature.[1] It is this that limits labor to the job that is nearest at hand; it is this that herds population into the cities; it is this that closes the resources of nature to humanity and strangles the production of wealth. While men and women are suffering from cold and hunger all over the land, the cotton-growers are destroying their cotton in the fields of the South in order that they may obtain an increased price for that which remains. A great part of the coal land of the country is withheld from production in order that a scarcity price may be exacted for that which is used. Hundreds of millions of fertile acres are kept out of tillage in the West, and to an increasing extent in the East as well, for the purpose of speculation. The railways in many instances fix their charges at the point which will absorb everything that the farmer produces and still

[1] The percentage of increase in rent from 1897 to 1902, as ascertained by the Labor Bureau of Massachusetts, was 52.43 per cent.

keep him at the plough. The packing-houses and warehouses have adopted the same rule of charges. They depress the price of raw material on the farm, and by a similar understanding exact all that the consumer can pay at the other end of the line. The sugar, tobacco, beef, leather, wool, iron, steel, oil, and copper monopolies screen themselves behind a tariff wall, and collect such tribute as their owners see fit to charge through their alliance with the government and the transportation agencies of the nation. It is these influences that are increasing the cost of living in America. And so long as man remains a land animal and the people permit the highways to be privately owned and used for stock-gambling purposes, the cost of living must continue to increase.

The landlord is the paymaster of all other classes. He limits the opportunities of labor and profits by every babe that is born. For the growth of population is increasing the demand for standing-room. It raises the rent which must be paid for its use as well as the cost of all the necessities of life. Society increases the value of the land, and then is charged a tribute for that which it has created.

When one contemplates the methods which have been pursued in the abandonment of our public lands, it seems as though our policy had been inspired by the employing classes, just as is the immigration of cheap labor from Europe. For had

the lands been opened up to use only as they were actually needed by settlers, wages would have continued to rise for many generations to come, while homes for many times our present population would have been available. Then the employer would have been forced to compete with the free lands of the West. Under these conditions labor would have continued to receive something like the full value of its services. For wages are determined by the existence of free lands and the outlet which they offer to increasing population. When such an alternative exists it is not necessary for men to shift their employment to agriculture in order to secure the full return of their labor. The very existence of an alternative automatically keeps wages at the amount or somewhere near the amount that can be produced on the free land.

But the enclosure of the public lands has destroyed this alternative. The worker is reduced to a competitive scale. His wages are determined by the hunger of those outside of the gates of the factory. The alternative of being a free man, upon a farm of his own, is now gone forever.

That free land is the determining factor in fixing wages has been recognized by at least one economist.

"Free land being given," says Achille Loria, "the division of society into a class of non-laboring capitalists, and a class of non-capitalistic la-

borers, is, in either case, out of the question; for, under such circumstances, it is impossible for an idle capitalist to acquire any profit.

"Colonial countries where free lands abound offer striking illustrations of these propositions, and any one who has rightly comprehended the development of these interesting lands must recognize the truth of our assertions. Note, for example, in the descriptions of the early days of the United States, how this fortunate country is depicted as inhabited by a noble race of independent laborers, ignorant of the bare possibilities of capitalistic property; read Washington's letters, which tell how impossible the farmers found it to acquire any income whatever from their lands unless they cultivated them along with their laborers; and mark how Parkinson, Strickland, and other Europeans who travelled in America during the eighteenth century, were one and all struck with amazement at this strange land where money did not breed money. We can also understand why the slave system of the ancient world and the serfdom of the middle ages were both reintroduced into our modern colonies; for it was only by resorting to such means that profits could be acquired during these epochs preceding the appropriation of the soil."[1]

We are fearfully afraid of names and phrases in America. We resent the suggestion of "industrial servitude." Do not our written constitutions declare that "there shall be no slavery nor involuntary servitude" within the commonwealth? Are we not protected by manhood suffrage and the

[1] *Economic Foundations of Society*, p. 3.

guarantees of personal freedom? But economic laws recognize no bill of personal rights, and economic servitude is no more incompatible with Magna Charta and the Declaration of Independence than it is with the despotism of the czar. We can enslave ourselves through the forms of democracy as completely as we may be enslaved by the Sultan of Turkey. And chattel slavery has probably disappeared among the civilized nations as much through the change in economic conditions as through the growing humanity of man. Cheap labor was only possible by legalized slavery when free land was open to all. Then the slave could only be kept in subjection by positive law. But as soon as all of the land had been taken up, the necessity as well as the economy of chattel slavery disappeared, and the relation of employer and employee, of landlord and tenant arose to take its place. It is probable that the labor cost of the bonanza farms of the West is far less than the labor cost on the plantations of the South prior to the Civil War. Free labor is more efficient than slave labor. The slave must be reared to maturity. He must be maintained in a certain degree of physical efficiency. He must be cared for in old age. Slave labor is notoriously shiftless. It is inspired neither by the hope of reward nor the fear of want. The wage-earner, on the other hand, comes to the employer with none of the costs of rearing. He is impelled by the hope of promotion and the fear of

hunger, and his place may be filled at any moment by an advertisement in the newspaper.

It must be evident that from now on wages will tend to the margin of subsistence. What does it cost to feed, clothe, and keep the average worker from starvation? That is the measure of his cost to the employer. His price is fixed, just as is the price of competitive commodities, by the cost of production. The struggle of increasing population against diminishing opportunity, of increasing consumption against decreasing supply, will reduce wages to the margin of subsistence, just as the income of the cottier tenant in Ireland was reduced to a potato diet by the hunger of others, eager to offer all that they could produce for the mere privilege of having a place upon the earth whereon to work.

We can see this process already at work wherever land monopoly is most complete. It is evident in the tenement districts of our cities, where the struggles of surplus labor, of rack-renting, and of periodic evictions form the saddest sights of the slums. It is manifest in the anthracite and bituminous coal regions, where the miner is reduced to a bare subsistence wage, and is kept in such a state of dependence by the operators that he cannot even protest against the death-traps wherein he must either labor or starve.

We can see the reduction of labor to a subsistence wage in every great city. There every material

advance expresses itself. There men and women work with greatest intensity, while labor-saving machinery is most highly developed. There labor is most minutely divided. In the cities wealth is produced with the minimum of manual labor. And here the per capita production is greatest. There, then, we should expect civilization to flower into universal well-being. There want should be confined to those whom illness or idleness has condemned to it. Yet, in every one of our large cities, at least one-quarter of the people are hovering upon the border-line of want or are actually engulfed in poverty. Another quarter are struggling to maintain an existence that varies from that of comfort to one that is far from enviable, while a small group are enjoying incomes far in excess of all human needs.

Wherever the monopoly of the land is most complete, there the fiercest wars of labor and capital have taken place. Labor does not organize in a newly discovered mining region, for every worker is a prospector. He works for himself. It is only when monopoly has laid its hand upon the region and enclosed the opportunity for independent mining, that the wages system comes into existence. In the early days of California, wages were fixed by the returns of the independent prospector. No one would work for another for less than he could produce from his own claim. The same was true

in the early days of the Alaskan gold-fields and the Tonemah and Goldfield districts in Nevada. The great labor wars of these districts followed close upon the monopoly of the regions. So long as opportunity was free there was no conflict, for the worker could change his hand at will.

The history of all mining regions is the same. There were no serious strikes in the anthracite coal-fields so long as competition prevailed. "Before the Civil War amicable relations prevailed between the co-operative forces. Then in the majority of collieries employer and employes lived side by side, and could peaceably adjust their differences."[1] But where formerly there was peace, now there is recurrent industrial warfare. Not only warfare, but the most complete subjection of the worker. Three-quarters of a million people are dependent upon the will of a half-dozen men who determine over a luncheon whether there shall be work or idleness, as to what those who labor shall receive in wages, and when their labor is over, what they shall pay to the mine-owners for the necessities of life.

Organized labor is correct in its diagnosis. It is correct in speaking of the servitude of labor. But servitude is not confined to those who work at the bench or in the mill, in the mine or in the factory. Servitude is a condition into which all classes are

[1] *The Anthracite Coal Industry*, Roberts, p. 104.

born, in every nation and under every flag, where the right to use the earth is dependent upon the will of another. And the servitude has been the same, whatever the form of the tribute, from the age of serfdom down to the present day. And it rests upon all alike, whether they work with their hands or their brains, whether they be skilled or unskilled, whether they be artisans, artists, professional men, or capitalists. It is the servitude of those who labor to those who labor not at all.

And the results which follow from the private ownership of the land are as immutable as the laws of nature herself. That rent is the great absorbent, gathering to itself an increasing portion of the wealth which is produced, is so obvious a fact that it should be the fundamental postulate of political economy. That the ultimate consequence of this phenomenon is the impoverishment of capital as well as labor, may be seen on every hand. That it leads to an ignorant and impoverished peasantry on the one hand, and an idle and irresponsible aristocracy on the other, is the experience of all nations. And we cannot hope to escape the consequences of these laws in America through any declaration of political freedom any more than the superstitious savage can ward off disease by incantation and sacrifice.

CHAPTER XVI

THE DISTRIBUTION OF WEALTH

The production of wealth enlists the co-operation of all learning. It engages the best thought of science. It is promoted by every agency of government. We know to a fraction the cost of every commodity and the annual value of our output. The increase in the production of wealth is heralded to the world, as is every invention which stimulates the efficiency of labor. Yet we know practically nothing of the laws which govern the distribution of wealth. The university is silent on the subject. It remains almost unexplored by the political economist. The splendid foundations for the promotion of scientific research neglect this, the most important concern of man, for the study of the earthworm and the oyster.

We have sadly inverted the importance of things. It is of comparatively little advantage to society that one man can produce a hundred pairs of shoes where but a single pair was produced a generation ago, if his labor still gives him but a single pair of shoes. It is of small profit to humanity that the annual production of wealth now amounts to $1,170.20 per family, if an increasing percentage

of the population still receive but the barest necessities of life. The many aids of the government are an empty service to the farmer, no less than to the consumer, if the improvements in agriculture are all absorbed by the railways, the warehouses, and packing establishments, just as it is an empty service to the wage-earner to be trained to perfection in technical schools, if the result of his training is all appropriated by another.

There must be an answer to the question of why the few receive more than they can possibly earn, while the millions receive less than they absolutely need; why it is possible for an Astor, a Rockefeller, a Carnegie, or a Morgan to pile up wealth which runs into the hundreds of millions, while other men of equal talent and industry produce no more than a living, while millions never rise above the fear of sickness, a period of industrial depression, or some calamity which temporarily disables the producing member of the family.

The explanation of this mystery has been suggested in the preceding pages. Those who have followed the tendencies there described have seen emerging an explanation so obvious and so simple that it should have become the commonplace of political economy. We have seen how the American continent has been peopled by successive generations of pioneers spreading out from the Atlantic seaboard in concentric circles to the West;

how decade by decade the outer line of population has moved steadily toward the Pacific Ocean, leaving farms, towns, and industry in its rear. We have seen how the free land has been all enclosed, how tenancy has appeared along with land monopoly, how all of the resources of the nation have been appropriated, and the highways have been massed under the control of a constantly narrowing syndicate able at will to fix the terms on which the industrial life of the nation will circulate.

We have seen, too, how land began to have an increasing value due to the pressure of population. It was higher at the seaboard than it was in the interior. It was more valuable in the towns than it was in the country. Some of it is more precious than the silver dollars which will cover its surface. Some of it may still be had for a song. It ranges in value from the million-dollar lot in the centre of a great city to the semi-arid wastes which scarcely support life. *Everywhere, however, the value of the land reflects the density of population, the improvements in the means of production, and the necessities of the people. Everywhere the value is social. It is not due to any service rendered by the owner.*

Some land still has no value. It will produce no more than a living for him who works upon it. This land is the "no rent" land, the land of "marginal fertility." It produces no surplus, it

yields no rent. But while this land of "marginal fertility" has no market value and yields no rent itself, it fixes the value and rent of all other land. *For everything that other land, whether it be a city site, a bonanza mine, a market garden, or a country farm, produces in excess of the return from the land of "marginal fertility," the land which will just support the worker at the prevailing standard of living, is rent; it is the annual value of the unearned increment which society has produced.*

We have seen how the land of America is now appropriated. It is constantly increasing in value. And this value never recedes. The present population, the number of children that are born, the number of immigrants admitted to our shores, this it is that determines the price which shall be paid for the privilege of being upon the earth. This measures the demand. It is daily and hourly, by night as well as by day, increasing in intensity. The supply of land, however, is constant. It is fixed irrevocably. No effort of man can enlarge it. The only element that is variable is the demand. And the demand is indicated by the census returns.

Rent is the resultant of the struggle. It may be paid in personal services, in the shares of the farm tenant, or in cash. It may be paid in mining royalties or dividends, in the charges of the railways or franchise corporations. In a thousand

unseen forms rent is collected. It is a toll upon every act of our lives. And rent, like land value, is a social product. It is a common treasure. Political economists have obscured the nature of rent by phraseology. Ricardo defines rent as "that portion of the produce of the earth which is paid to the landlord for the use of the original and indestructible powers of the soil."[1] John Stuart Mill says: "The rent, therefore, which any land will yield, is the excess of its produce, beyond what would be returned to the same capital if employed on the worst land in cultivation."[2]

All of the economists agree in this: rent has nothing to do with the character, thrift, or intelligence of the owner of the land. There is no service rendered by him in return. The owner may live in some distant corner of the earth, as do some members of the Astor family. Rent is paid for the mere privilege of living upon the earth, for the right of using one's labor upon God's common heritage.

Some economists have seen further than this. They have seen that rent is not a constant charge. In all progressive communities it continually rises in amount. In time men offer all that the land will yield in excess of a mere living for the privilege of its use. Necessity then fixes the tribute. The love of life holds the scales in determining its

[1] *Principles of Political Economy and Taxation*, chap. 2, p. 34.
[2] *Principles of Political Economy*, book II, chap. 3.

amount. This is what happened in Ireland. This is what is taking place in Great Britain to-day. This is the ultimate and the inevitable result of the private ownership of the land.

This tendency was recognized by Ricardo, who said: "The whole surplus product of the soil, after deducting from it only such moderate profits as are sufficient to encourage accumulation, must finally rest with the landlord."[1]

This fact was later emphasized by Professor Cairnes, who wrote: "A given exertion of capital and labor will now produce in a great many directions five, ten, or twenty times—in some instances, perhaps, a hundred times—the result which an equal exertion would have produced an hundred years ago; yet the rate of wages has certainly not advanced in anything like a corresponding degree, whilst it may be doubted if the rate of profit has advanced at all. Some one, no doubt, has benefited by the enlarged power of man over material nature; the world is, without question, the richer for it. *The large addition to the wealth of the country has gone neither to profit nor to wages nor yet to the public at large, but to swell a fund ever growing, even while its proprietors sleep—the rent-rolls of the owners of the soil.*"[2] John Stuart Mill expressed the

[1] *Principles of Political Economy*, chap. 24, p. 202.

[2] *Some Leading Questions of Political Economy Newly Expounded*, pp. 275–279.

same thought. "The ordinary progress of a society," he says, "which increases in wealth is, at all times, tending to augment the incomes of landlords; to give them both a greater amount and a greater proportion of the wealth of a community, independently of any trouble or outlay incurred by themselves. They grow richer, as it were, in their sleep, without working, risking, or economizing. What claim have they on the general principle of social justice to this accession of riches?" [1]

I admit that it is impossible to demonstrate that the wealth of the world is being appropriated by those who own the land. Neither can the land question be visualized as can the capitalistic system. But a common knowledge is conclusive that only the landed classes are conspicuously rich. This is true in every country. An enumeration of the millionaires in any city finds no retail and only rarely a wholesale dealer among them. There are comparatively few merchant princes. Here and there a wealthy manufacturer may be found, but his fortune is usually traceable to some patent right, or the identity of his business with some landed interest, tariff privilege, or railway rebate. Competitive business produces few millionaires in this or any other country. And they suffer constant reverses. Their fortunes rarely outlive the generation which inherits them. The conspicuous

[1] *Principles of Political Economy*, book V, chap. 1.

wealth of America is landed. It springs from city sites, from mines, railways, transportation, and franchise holdings. It is social in its origin, not competitive. It is permanent and increases more rapidly than the powers of spendthrift children to dissipate it. Take the long list of millionaires of the blue-book of Wall Street or of any great city; almost without exception their fortunes are the creation of society. They are identified with some landed privilege. They represent no labor of their owners. And they are all identified with the land. From out the coal and the oil, the natural-gas and the copper, the gold and the silver mines scores of other fortunes have been created, fortunes which are increasing in value with each passing year through the necessities of humanity.

Great Britain is a conspicuous example of the same fact. Her aristocracy is a landed one. Trade and commerce have enriched the country, but there, as here, the increase in wealth has largely passed to those who own the land.

And in that country the process of social production and private appropriation has reached its logical conclusion. The peasant and the artisan are miserably poor, while industry itself is being gradually impoverished by the very poverty of the producing classes. They cannot buy what capital produces. They are so poor that they cannot consume. Everything above the minimum of exist-

ence is taken in rent. This is what is the matter with Great Britain. The land is held in vast manorial estates. Millions of acres are kept out of use for hunting preserves and parks. Even greater areas are used for grazing and careless agriculture. And that which is open to occupancy is subjected to the competition of forty millions of workers, who produce scarcely enough to ward off eviction. After the rent is paid there is little left with which to buy other things. Thus rent starves not only the workers, it starves capital as well. For industry must have a market. It can only flourish where the mass of the people are able to consume. And in Great Britain the mass of the people are continually at the starvation point.

The real struggle over the distribution of wealth is between the landlord on the one hand, and capital and labor on the other. Rent fixes interest and profits just as it fixes wages. All of the wealth that is produced is divided between the landlord, the capitalist, and the wage-earner. These are the only possible claimants among whom it can be distributed. Disagreement arises as to who receives the lion's share. We have seen that the share of the land-owner is constantly increasing by the growth in the value of the land. We have further seen that the great fortunes of America, as well as of England, are landed fortunes. It is not the capitalist who is the offender. The returns of

capital in the form of profits and interest tend always to an equality. They are automatically governed by the average returns in the community, and that return is somewhere in the neighborhood of six per cent. If the profits of a given industry rise above the average, new capital flows into the industry until competition reduces returns to that level. A conspicuous example of that fact is afforded by the manufacture of automobiles. The industry is scarcely ten years old. There are few privileges connected with the business. It requires an immense outlay of capital. Yet it is doubtful if the returns on the industry taken as a whole have equalled the current return on mortgages. In the long-run profits and interest are fixed by this process. The returns of capital are kept at a competitive minimum by the operation of the law of supply and demand.

There would be no dispute about this tendency were it not for the fact that capital is so often confused with some form of land monopoly. This is true of mining, it is true of the railways and transportation business, it is true of the franchise corporations which occupy our streets. It is also true of many other industries which are so identified with the land, with railway rebates, with the tariff, with patent rights, as to be free from the competition of capital with capital. But if we exclude such industries we shall see that the capitalist is not

the offending party in the distribution of wealth. He suffers along with the worker.

We see conclusive evidence of this fact in new countries where land values have not begun to appear. Here wages and interest are high, while rent is low. So long as the wage-earner can turn his hand to fertile fields of his own, the wages of all industry will respond to this alternative. The worker will not labor for another for less than he can produce himself. It is this and not the tariff that has determined the rate of wages in America. Adam Smith recognized the effect of cheap land on wages. In discussing the "Causes of the Prosperity of New Colonies," he says: "Every colonist gets more land than he can possibly cultivate. He has no rent and scarce any taxes to pay. He is eager, therefore, to collect laborers from all quarters and to reward them with the most liberal wages. But those liberal wages, joined to the plenty and cheapness of land, soon make those laborers leave him in order to become landlords themselves, and to reward with equal liberality other laborers who soon leave them for the same reason that they left their first master." [1]

The American West has demonstrated this theory. Up to but yesterday in Oklahoma, in Dakota, in the mining regions of Nevada, Colorado, and Alaska, wages were high, and still the labor market was un-

[1] *Wealth of Nations*, book 4, chap. 7.

satisfied. Interest, too, ranged from eight to twelve per cent. Workmen could only be had on their own terms. They could scarcely be obtained at all. For there were homesteads or mining claims to be staked out at an insignificant cost. Land was cheap. It was accessible to all. Everything that it produced went back to the worker. Here we find men owning their own homes. They enjoy a freedom that is not to be found in the East. But what will be the condition a generation hence? By that time Eastern conditions will have appeared in the West. Machines will do the work formerly done by hand. There will be rapid transportation and communication. There will be a far greater production of wealth, it is true. The per capita wealth will be doubled, possibly quadrupled. There will be schools and universities, churches and libraries. All of the evidences of culture and refinement will have appeared. But who will have benefited by the change? Will wages have advanced? Will interest rates be higher? Not if the experience of older communities offers any proof. Instead of every man being a home-owner, a tenant class will have appeared. In the centre of every county there will be a jail. There will be almshouses and asylums. In the cities there will be a residuum of wreckage, of vagabonds, and the semi-criminal class, which, by some mysterious process, has been cast upon the shores of society

by the very advance in civilization which should have rendered involuntary poverty out of the question. The slum will come in with the mansion; the prison with the priest. Where once there was equality, now there is inequality; where once there was freedom, now there is servitude. The production of wealth will have increased even more rapidly than the production of men. In spite of this, where once there was more than enough for all, now there is only enough for a few, and hunger and want and privation for the destitute many. While the returns on capital have fallen, while wages have been reduced or at most remained stationary, one class, and one alone, will have been benefited by the change. The value of land will have increased with each passing day. Those who own the land are better for the change. Their incomes will have increased possibly a hundred-fold. On the other hand all other classes will be the poorer because of the wealth which they have created.

That rent is constantly rising, that it is higher to-day than it was yesterday, that it will be higher to-morrow than it is to-day, all will agree. But why, it may be asked, is this inconsistent with an equally rapid increase in wages? Why may not the returns of labor increase even more rapidly than the returns of the landlord, and the condition of the wage-earner in reality grow better? Why, in fine, does increasing rent preclude increasing well-being?

The growth of population and the speculative ownership of the land make this impossible. A glance into the future proves it to be true. Fifty years hence there will be two hundred millions of people in America. They will increase the value of the land, just as they have increased the value of the land underlying New York, which now exceeds three and one-half billion dollars. The value of the land will be more than doubled, it will probably be quadrupled. It is even now increasing in value at the rate of from one to two billion dollars a year. Land will have acquired a famine price long before another generation has elapsed. And rent will increase far more rapidly than population. For land speculation is intensified by scarcity. Increased exertion, improved machinery, every contribution of the arts and sciences, will but increase the value of the land and the tribute which the owner will demand for its use.

And while rent will increase, the incomes of all other classes must fall. More rent will be demanded from the tenant farmer and the city dweller. At the same time the relative amount of land in use will be diminished. Per capita production will, in many lines, fall. Opportunities will be lessened, while the cost of all commodities will be increased. There will be fewer jobs to go around, and an increased cost of living to all classes. From this condition there is no escape. To this indictment

there is no confession and avoidance. We cannot limit the supply or increase the demand for any commodity without increasing its price, and we are both limiting the supply and increasing the demand for land.

Herein is the real iron law of wages. It applies to capital no less than to labor. It is the tendency of all wages to fall to the amount which will just support the worker and enable him to reproduce his kind. This is not a very generous law. but neither is the law of the survival of the fittest. But so long as land is an object of private property it is a law, nevertheless. And from now on the tendencies at work will lead to a constant and rapid lowering of the standard of living in America. There will be a gradual reduction in the scale of expenditure of all classes; a limitation in the outgo for education, for pleasure, for the comforts of life. The effect of this change will not be confined to the wage-earning or professional classes. It will affect industry as well. For the manufacturer is dependent upon the prosperity of the wage-earner. Industry cannot flourish where wages are low. Were the wages of America doubled, the country would enjoy a period of prosperity such as we have never experienced. Then men would be able to purchase twice as much as they do to-day. And just as an increase in wages brings prosperity, so a general reduction of wages by consumption taxes

and rent checks prosperity. And in time rent will increase to such a point as to bring about permanent industrial depression. In time it will produce national decay.

This is a question upon which the industrial life of the nation depends. It is idle to look for any improvement in the well-being of humanity so long as the private ownership of the land prevails. The adoption of sumptuary legislation, the erection of model tenements or garden cities, the municipalization of franchise corporations, even the organization of labor unions and the abolition of unjust taxes, these reforms may bring temporary or local relief. But so long as the private ownership of the land remains, wages and interest must tend to fall to the subsistence level, to the point where the wage-earner can only sustain life.

Unfortunately even this cheerless comfort is not left to those who look upon this as the best of all possible worlds. For population pays no attention to the laws of political economy. The birth rate increases without thought of the checks and restraints which the economists of the early half of the last century sought to have the laboring class impose upon themselves. And when the land is all taken up, when even the marginal land is under cultivation, humanity will still continue to crowd in upon the earth and clamor for its chance to live. Then the value of labor, like the value of any other com-

modity produced in excess of the current demand, will fall to zero. Then an increasing residuum will not even receive a subsistence wage. Then the monopoly of the land will bring famine. For famine can exist in the midst of plenty; it can exist where civilization has flowered to its highest.

CHAPTER XVII

THE ASCENDANCY OF PRIVILEGE

HUMANITY, as we have seen, has bound itself, as the Lilliputians bound Gulliver, with a thousand thongs. It is fettered by its own institutions; it is bound by its own laws. Freedom is progressively reduced by privilege and monopoly in every department of life. Again, as under the ancient *regime*, society is enmeshed with class-made laws, which interfere, at every turn, with the production, distribution, and exchange of wealth.

In the opening paragraph of *Protection and Free Trade* Henry George has symbolized the condition of modern society in the following words: "Near the window by which I write a great bull is tethered by the nose. Grazing round and round he has wound his rope about the stake until now he stands a close prisoner, tantalized by rich grass he cannot reach, unable even to toss his head to rid him of the flies that cluster on his shoulders. Now and again he struggles vainly, and, after pitiful bellowings, relapses into silent misery.

"This bull, a very type of massive strength, who, because he has not wit enough to see how he might

be free, suffers want in sight of plenty, and is helplessly preyed upon by weaker creatures, seems to me no unfair emblem of the working classes."

We are the architects of our own misfortunes. We have created the millionaire along with the pauper, the palace along with the slum, by laws inscribed on the statute books at Washington, in the capitals of our states, and in the council chambers of our cities. It is through legislation that America has been divided into classes, the class which produces the wealth of the world and the class which appropriates it. For classes have arisen in this country, however much we may seek to disguise it. But the line of division is not between the capitalist and the wage-earner; it is between those who are encamped within and those who are encamped without the citadel of laws which the ascendant class has erected for its own advantage. For the control of the government has been in the hands of an economic class almost continuously from the very beginning.

The struggle to control the government made its appearance with the birth of the nation. The protective tariff, the excise laws, the national bank act, these, together with the assumption of the debts of the states, as proposed by Hamilton, were inspired by the interests of the commercial classes of the seaboard, who saw in the new government a means for promoting their interests.

Hamilton was the protagonist of these classes, just as he had been in the Constitutional Convention. He laid the foundations on which privilege has ever since reared itself. In devising a revenue system he adopted the models which the landed aristocracy of England had evolved to shift the burdens of government onto the poor. This, too, was a heritage of feudalism. It came to us along with the common law and our ideas of private ownership of the land. And the models which Hamilton used were the result of a conspiracy entered into between Charles II and the land-owners in Parliament in 1692. Prior to that time the needs of the crown had been largely supplied by feudal dues paid by the great land-owners, just as dues and services were paid to them by their dependants. It was over these grants to the crown that most of the great constitutional struggles of England took place. By an arrangement entered into in the close of the seventeenth century, however, these controversies were brought to an end. The barons agreed that their lands should bear taxes to the extent of two millions of pounds, at which point their taxes were later irrevocably fixed. In addition to this the crown was to receive certain indirect taxes on consumption which were largely paid by the poor. By this arrangement the common people were made to bear the bulk of the taxes, while the barons were relieved of their feudal

dues. In so far as the barons are concerned this compact has never been disturbed. Their lands have never been revalued from that day to this. Their land taxes still remain as fixed at that time. But the indirect excise and customs duties paid by the poor have increased until to-day they amount to $300,000,000 a year. By this arrangement the king was assured a source of income which could not arouse resistance, a source of revenue which has ever since been used by privilege. Since that time there has been no serious conflict between king and Parliament. The control of the purse-strings has passed to the territorial aristocracy. There is no taxation by representation in England even to-day, and it is the attempt to establish that fact that precipitated the budget fight of 1909. Great Britain is taxed by an economic class, a class which has exempted its lands and privileges from taxation just as it has in America.

This was the system that Hamilton took as a model. It has remained the basis of all subsequent legislation. Under the first revenue measure of Congress wealth as wealth was entirely relieved of taxation. A national bank was provided for which served the interests of the Eastern trading classes, just as does the banking system to-day. It concentrated the available credit of the country in the East.

From the election of Jefferson down to the Civil War the government was in the hands of the Democratic party. The functions of the Federal Government were limited, the tariff was reduced to a revenue basis, and the government was tolerably free from the control of the commercial classes. The controversies over the tariff were a rancorous issue in Congress, as were the repeated efforts to re-establish the United States Bank. At no time, however, did the business interests control the government as they had under the Federalist party. They were held in check by the South and the West.

During the generation which preceded the Civil War a new alignment of interests arose. On the one hand were the manufacturing and trading classes of the seaboard. On the other hand were the cotton-planters and slave-owners of the South. Both sought to control the government, and both were animated by the same motive. The former desired a protective tariff, designed to give them a monopoly of the home market. But protection was a menace to the South, interested as it was in the production of cotton, tobacco, and sugar, and desirous of the freest possible trade with the outside world. Between these two economic classes there was no possibility of compromise. And the South was supreme in the councils of the nation. The slave-owning classes controlled the Presidency, Congress, and even the Federal judiciary. The

patriotism of the South reflected the interest of its ascendant class. Men rallied to the call of South Carolina, Virginia, and Mississippi for the preservation of an economic system, rather than for any ideal of state sovereignty. And the commercial classes of the North were inspired by no higher ideals. They were, primarily, interested in the tariff. They desired to share with the cotton-planters the privileges which only the Federal Government could bestow.

To the trading classes of the East the Civil War was opportune. The representatives of the slave states retired from Congress. There was now no economic class sufficiently cohesive to withstand the aggressions of the manufacturers. At the same time the cost of the war left the nation an easy prey to the demands for protection. The needs of the Treasury were insatiate. Unparalleled revenues had to be raised. The manner of their collection could not be too closely scrutinized. The maintenance of the Union was of paramount importance. On the convening of Congress in 1861 the tariff was raised in an unexpected way. From this time on the number of protected articles, as well as the rates of duties, was constantly increased. Scarcely a month of any session passed without some change being made. The tariff acts of 1862, 1864, and 1865 violated every tradition of the country, and every expectation of those who had

supported the Republican party. The necessities of the war engrafted the policy of protection so completely upon us that neither of the great political parties has since been able to effect its reduction.

An elaborate internal revenue system was added. Every conceivable commodity manufactured within the country was taxed, as was every accessible transaction. The excise was designed, as David A. Wells has said, on the principle of the Irishman at Donnybrook Fair: "Whenever you see a head, hit it; whenever you see a commodity, tax it." Many articles were taxed over and over again before they reached the consumer. The duty on distilled spirits was increased until it amounted to a thousand per cent. on its cost. Taxes on cigars and tobacco were repeatedly raised until revenue evasion became a most profitable employment. The high duties were responsible for all sorts of tax frauds. The corruption of the Whiskey Ring, which culminated in the disclosures of Grant's second administration, grew out of the excise system.

Along with the bargaining over the tariff, the excise system, and tax evasions went fraudulent army contracts, collusion of officials and speculators, and all of the corrupting influences which follow in the trail of a great war. Privileges of every sort forced an entrance into Congress, too much engrossed with saving the Union to scrutinize

the details of legislation or administration. In these days of sacrifice on the part of the people, the foundations of many princely fortunes were laid, while private interests intrenched themselves in every department of the government.

During these years of suffering on the part of the people, Wall Street identified itself with Washington. Under the administration of Secretary Chase the Treasury carried through its borrowing operations with the aid of the New York banks. Billions of securities were sold at home and abroad. An intimacy was thus established which has continued ever since. With but slight and occasional interruptions, the Treasury portfolio has been intrusted to bankers whose instincts and interests have led them unconsciously to identify the welfare of the country with the business in which they are engaged. The National Bank Act united the government still more closely with the financial interests. These, together with the complex monetary system which has been created, have woven the operations of the Treasury Department into a close dependence upon the big financial institutions of the country.

Upon the termination of the war all moderation was thrown to the winds. Instead of being reduced, tariff schedules were increased to suit whoever wanted protection. Oppressive tax measures were fastened upon the people with every show of pa-

triotism. The revenue measures were framed by the big business interests. Wealth was absolutely freed from taxation. This was done with such an assumption of patriotism that the fearful injustice of it all has been concealed. Yet it is doubtful if hereditary privilege in any country in Europe has been more unscrupulous in the use of its power, or gone further in exempting itself from taxation, than have the privileged interests in control of Congress. The entire burden of taxation has been thrown upon consumption. No attempt has been made to reach wealth in any form.

During the decade which closed with 1870 the railways were invited to the feast. They took what they wanted of the public land. In less than a decade the Pacific railways alone secured more than 100,000,000 acres of the public domain as an aid to their construction. These magnificent grants, whose combined area equals that of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, and Pennsylvania, were supplemented by a loan from Congress of $60,000,000 more. The consideration for these subsidies was the construction of the Pacific railways a few years in advance of the natural development of the West.

Along with the railways were corporations, individuals, and syndicates which appropriated forests and mineral resources, whose value is so great as to be

merely a matter of conjecture. Members of Congress saw no wrong in conveying to themselves, or to corporations in which they were interested, the richest lands of the West.

The *Credit Mobilier* grew out of the railway-aid mania. This was a corporation with a French name organized as a construction company for the Union Pacific Railway. Its stockholders were the same as those of the railway, which had secured valuable land grants from Congress. The scandals growing out of the ownership of its stock by public officials involved the Vice-President, the Secretary of the Treasury, the Speaker of the House of Representatives, and many Congressmen who were believed to have been influenced to vote for legislation favorable to the railroad by virtue of the stock which they held in the company.

Thus the necessities of the Civil War commercialized the government. So absorbed was the public in a struggle for self-preservation, that privilege gained an easy entrance into our politics. The slave-owning oligarchy had been content with the *status quo*. It was on the defensive. In the years which followed the war, however, privilege became arrogant. It came to believe that business is the sole end of the government. The exhaustion of the struggle left the people an easy prey to such a philosophy, a philosophy from which they are just beginning to be aroused.

Following the close of the war, a revenue commission was appointed to devise means for the reform of the revenues. An immediate reduction of the tariff and internal taxes was recommended. But Congress refused to reduce the tariff, although an immediate abatement in the excise duties was ordered. For the purpose of endearing the tariff to the wage-earner, a deadly parallel was drawn to show the impoverished condition of labor under free trade in England. Since that time the protection of American labor has been the wall behind which the trusts have sheltered themselves. In each successive campaign this argument has been paraded to the exclusion of all other matters of national concern. Finally, after years of agitation, Mr. Cleveland was elected President in 1892, on the platform of tariff reform. For the first time since the war both houses of Congress, as well as the Presidency, were in the hands of the Democratic party, and the programme of tariff revision to which the party was pledged was ready for enactment. But what was the outcome? We had sown the wind; we were to reap the whirlwind. One of the costs of protection appeared in the Wilson-Gorman Bill, which was finally presented to the country. This measure purported to reduce the tariff, and in many instances did so, but so little disguised was the policy of protection in it, and so shamelessly had "tariff reform" been aban-

doned that the country repudiated the measure. The contest before the people had been an honest one. In Congress it was not one of principle, not one of the country's well-being. It was a struggle of warring interests which openly bought protection or secured control of the party in power. At the next election the Democratic party was defeated and discredited. It has never regained the confidence of the people.

During the intervening years politics and privilege have been merged. The Federal Government has passed into the hands of an ascendant economic class. The brain of this merger is in Wall Street. From this nerve centre the outermost extremities of our social and political life are controlled. In this merger the railway interests predominate. For they are concerned with state as well as Federal legislation. They are perfectly catholic in their politics and identify themselves with the Republican party in a Republican state and the Democratic party in a Democratic state. In most instances the railways control or constantly seek to control both parties. Here and there the railway interests are subordinate to those of the mine-owner, the franchise corporation, or the land and timber interests of the West. These great interests, with their capitalization of from twenty-five to forty billions of dollars, are concentrated in Wall Street. They respond

sympathetically to any action which threatens their political control or imperils their privileges.

These interests ramify back and forth into one another much as the crowned heads of Europe are united by marriage connections. They have common boards of directors. They are united by a class-conscious instinct, and are in perfect harmony as to their interests.

In every city may be found a group of lesser feudal barons. They own the minor privileges. Their instincts are the same as those of Wall Street. They control the local press and the agencies of public opinion. They corrupt the governments of city and state. Between them and the great mass of the people there is a natural line of cleavage. On the one hand are those who control the government in their own interest. On the other hand are those who do not.

It is by this process that the politics of America have passed into the hands of an economic class. Again, as in ante-bellum days, privilege is ascendant. The class which rules is small in numbers, but powerful in influence, as any one learns who dares to touch the least of its preserves.

How costly this merger of politics and privilege is to the people and the ideals of democracy will be shown in the next chapter.

CHAPTER XVIII

AN OVERLOOKED CAUSE OF POVERTY

"Laws," says Rousseau, "are always useful to those who own, and injurious to those who do not." A discerning political philosopher of the eighteenth century has said: "A man does not possess a demesne because he is a prince, but he is a prince because he possesses a demesne." This is but another way of saying that whoever owns a nation rules it, and whoever rules a nation will come in time to own it as well.

It is not dishonesty so much as the myriad influences which mould men's minds that makes this true. A government of bankers honestly believes that the welfare of the nation is bound up in the welfare of the banking interests; a government of manufacturers honestly believes that the prosperity of the country is determined by the prosperity of its class; a government of railway-owners measures national well-being by railway earnings; while mine-owners, landlords, brewers, distillers, saloon-keepers, peasants, workers,—every class, in fact, seeks to mould the government to its own particular interest. This is the economic interpretation of politics.

And the ascendant class in America is a law-made class. It is not predominantly a landed class as it is in Great Britain and Russia. Neither is it a capitalist class as the socialist asserts. It is a privileged class. It includes, first, the railways and the transportation agencies; second, the protected industries, and third, the franchise and other public service corporations. The combined capitalization of these industries is not far from twenty-five billion dollars. This is more than one-fifth of the total estimated wealth of America. From one-half to two-thirds of this capitalization is the direct creation of law. It arises from exclusive grants, like city franchises, monopoly privileges made possible by the tariff, exemptions from taxation obtained through a control of the government or the right to employ some other exclusive or sovereign power. And it is to secure, protect, and retain these monopoly privileges, to collect tribute by means of them, and to capitalize that tribute in watered securities that these interests are lured into politics. It is this that has woven them into the life of the nation.

An examination of the blue-book of American millionaires will disclose that, almost without exception, the colossal fortunes which have come into existence in recent years are the creation of law. They have not been created by law-breakers. They have been created by law-makers. They have

not been acquired dishonestly through corruption alone; nor have they been acquired honestly through ignorance alone. Ignorance and design, honesty and dishonesty, have alike contributed to their creation. The proximate cause is the control of our politics by an economic class.

Let us trace some of the costs of this class control. It is most apparent in taxation. This is ever the favorite tool of the privileged orders. The total Federal revenues for the fiscal year 1908 amounted to $601,126,118. This does not include the postal receipts. Of this sum $286,113,130 was collected from customs duties, and $251,711,126 from the excise or internal revenue taxes on distilled and malt liquors, tobacco, and oleomargarine. $537,824,256 was thus collected by indirect taxes upon consumption. The tax on sugar yielded $50,118,141; wool and cotton manufactures yielded $63,445,017 more; while leather, hides, wearing apparel, china-ware, flax, hemp, and yarn products, iron and steel, fruit and drugs, glass ware, chemicals, wines, spirits, and tobacco yielded the greater part of the balance. We have taxed almost every necessity of life. The great bulk of the revenue comes from those articles which the poor consume. But an insignificant fraction is collected from the luxuries of the well-to-do classes. And not a dollar is taken from wealth, incomes, or inheritances direct.

It is the poor of America who support the Federal Government. It is they who pay for the battle-ships and the pensions, the internal improvements and the coast defences. Not one penny comes directly from the interests which are mainly benefited by these expenditures.

But the burdens of indirect taxation do not end with the taxes collected. This is the least of the cost. The protective tariff is not primarily for revenue purposes. It is designed in the interest of a privileged class. Sheltered behind the tariff wall, the sugar, meat, steel, coal, iron, leather, wool, copper, oil, and other combinations exact monopoly prices from the consumer of America. The amount of the tribute which is thus collected cannot be accurately known. There are over 2,000 articles on the tariff schedule. It has been estimated that the monopoly prices exacted through the duty on sugar alone amount to from $140,000,000 to $165,000,000 a year. Prof. W. G. Sumner of Yale University estimated that the tariff increased prices all around from thirty to forty per cent. The average ad valorem rate is 42.92 per cent. The tribute which the protected interests exact is not far from $1,500,000,000.[1]

[1] The Tariff Reform Committee of the New York Reform Club, estimating the real cost of protection in its effect upon prices, says: "The total price of manufactured goods sold to final consumers in this country can hardly be less than $6,000,000,000 and may be as high as $8,000,000,000. If, as is reasonable and probable, their

Including the revenues actually collected from indirect taxes, every man, woman, and child is robbed of approximately twenty dollars a year for the advantage of the tariff interests. Of this three and one-half dollars reaches the treasury. The balance is monopoly cost. Every family of five pays tribute to the extent of $100 per annum to the class which rules. The average income of the working-classes in America is below $450 a year. The census figures place the average wage at $432.40.[1] Even this is probably an overestimate when we consider the large percentage who are constantly out of work, and the increasing number of woman and child laborers whose incomes are very much below this figure. But these are the classes who maintain the government. It is they who consume the great bulk of the imports as well as the products of the protected industries. Out of their meagre earnings the government filches from one-fifth to one-fourth by indirect taxes and the monopoly prices which the tariff makes possible.

(the protected) goods are worth twenty per cent. more in the home market than they would . . . command in our markets were there no tariff-protected trusts and monopolies in control here, then we are paying something more than $1,000,000,000 for our tariff whistle. This is the cost at wholesale prices. At retail prices the cost of 'protection' is probably $1,500,000,000, or $1,600,000,000. This is about $90.00 per family for our entire population."

[1] The census for 1900 gives the total average number of wage-earners in the United States as 5,373,108 and the total wages paid as $2,324,453,993. The average wage for the country was therefore $432.40 for the year.—United States Census, Vol. VII, p. xlviii.

We hear but little of this burden. The consumer cannot trace his falling standard of living to its source. There is no paid lobby, no press, no spokesman for those who only toil. Now and then there comes a protest against this inequity. "The tariff has built up an aristocracy already quite as numerous as were the refractory slave-owners in the South," says the Hon. John Bigelow of New York. "It has built it up, too, by privileges quite as unjust and as exclusively for money's worth, but a thousand times more lucrative to its beneficiaries than slavery ever was. The consequences are that it has divided our people into two classes —one, of the people who have more wealth than they know what to do with or how to give away, and another, of bread-winners, who, if they lose a day's wages, even by illness, have to go in debt for their next day's expenses. The increased cost of living compels an increase in wages from time to time, but always the cost of living increases faster, until now the food of the proletariat has reached famine prices in most of our large cities and is daily increasing. With food enough produced in the United States to nourish twice its population, the average wage earner can lay up nothing, can provide few privileges for his family and practically no recreation." [1]

[1] Extract from published letter from Hon. John Bigelow to Governor Hughes of New York, November 25, 1908.

In a letter to the Committee of Ways and Means, hearing evidence upon the present tariff in November, 1907, Mr. Charles Francis Adams of Boston said: "Speaking after the manner of men, they [the protected interests] are either thieves or hogs. I myself belong to the former class. I am a tariff thief, and as such I have a license to steal. It bears the broad seal of the United States, and is what is known as the 'Dingley Tariff.' I stole under it yesterday; I am stealing under it to-day; I propose to steal under it to-morrow. But, on the other hand, I am also a radical tariff reformer. I would like to see every protective schedule swept out of existence."

Not only does the protective tariff impoverish the people and promote corruption, it encourages extravagance as well. The carnival of expenditure, to which we became accustomed during the Civil War, and which has continued ever since, is directly traceable to the system of indirect taxation. In 1860 the total ordinary expenditures of the Federal Government were but $63,130,000. By 1900 they had shot up to $487,713,000. By 1908 they had still further increased to $659,196,000. While the population increased 178 per cent. expenditures increased over 1,000 per cent. A war and a naval programme has been entered upon, whose cost to the nation is now $294,000,000 a year. The annual expenditure for pensions, even

with the war half a century away, amounts to $154,000,000. The pension bill is higher to-day than it was ten years ago.

We have reversed every principle of sound financing. We do not collect what we reasonably need; we spend what the tariff, designed in the interest of a class, produces. An expenditure of nearly $350,000,000 for war, navy, and pension purposes would meet with a far different reception were taxes laid upon wealth rather than upon consumption. The cost of the government would probably shrink to one-half its present volume were privilege taxed instead of labor. For direct taxes compel caution, scrutiny, and responsibility. Indirect taxes breed extravagance, corruption, and war. Congress would not even consider a ship subsidy bill if privileged wealth paid the cost of it all. War would come to an end to-morrow were those who benefited by its happening compelled to pay for its maintenance. There would be no need of peace conferences were the government to make forcible requisition on wealth before it made requisition on human life. Were the billions expended annually on the armaments of the world collected from direct taxes upon the land, upon the railways, upon incomes and inheritances, every agency of public opinion would be on the side of peace. Were the rich and powerful classes the first to suffer from a declaration of hostilities,

the press and every agency of public opinion would be on the side of arbitration. Then there would arise a demand for the settlement of the disputes of the world that would be irresistible. Then the financiers, who find in war a source of profit to themselves, would coerce their rulers into a concord of nations. For war only persists because the privileged orders are able to throw its cost onto the defenceless members of the community.

These are some of the costs of the tariff. It is not an isolated fiscal question. It is not alone a social question. The tariff is woven into every fibre of our politics, from the smallest hamlet to the United States Senate. Quoting again from the letter to the Ways and Means Committee of Congress, Mr. Charles Francis Adams says: "Meanwhile let me add, without any doubt in my own mind as to the accuracy, and I may say the moderation, of the statement, that in the heyday of its strength and arrogance the old slave power of the South was never so strongly intrenched in its position, so defiant in its attitude, so corrupting in its influence, so difficult to be overthrown, or so utterly insatiable in its demands and so unscrupulous in its methods of satisfying those demands, as are to-day the combined tariff-protected interests of the country. An overgrown octopus, their tentacles are all-pervasive, as, from the self-interested point of view, their arguments are convincing."

A superstition has been created about the policy of protection which poisons every agency of public opinion. It prevents its free discussion in the press, the university, or in business circles. The ghost of hard times is held up before the working man and the farmer, the shopkeeper and the manufacturer. The most scandalous abuses may not be corrected, for fear of opening up the whole schedule. For, once the principle of protection is questioned, the entire superstructure may be undermined by inquiry. The scandalous extortions of monopoly go on unrebuked, because of the multitude of noisy interests which make use of its power to protect themselves from disturbance.

The protected interests obtained their control during the Civil War. They have never been dislodged. In a sense, they are now subordinate to the railways, the transportation and the franchise corporations, which have been invited to a share in the plunder. With them are allied the banking and financial institutions, which own the public service corporations. In the West the land and timber thieves are a part of the system. The railroads, running into every state in the Union, form the foundations of the merger. They lend the West and South to the designs of the privileged East. Their attorneys are active in local politics. They are to be found in every state legislature. They mould public opinion and draft party platforms.

They are a hireling class and justify their actions by the serviceable ethics of the common law, which commands a lawyer to represent whatever client demands his services.

The railways are drawn into politics by the very nature of their business. They are quasi-public agents, they enjoy a portion of the sovereignty of the state. They are the highways of modern civilization. The franchise corporations are natural monopolies. They are made monopolies by law. They occupy public property. Like the railways and the protected interests, they are drawn into politics, not to protect their property, but to protect their privileges, which in these instances are the privilege of being a monopoly. They can only avoid regulation or ownership by controlling the government from which they draw their life.

We have seen that the capitalization of the railways has increased from $10,635,008,074 in 1897 to $16,082,146,683 in 1907. During the same period their gross earnings have grown from $1,122,089,773 to $2,589,105,578, while net earnings have increased from $369,565,009 in 1897 to $840,589,764 in 1907. Like rent, the earnings of the railways and the public service corporations grow with population and industry. They need only provide the service; the demand increases with each passing day. This increased capitalization, earnings, and dividends is largely society's contribution to their own-

ers.[1] For, while railway mileage increased but 22.2 per cent. from 1896 to 1906, railway dividends increased by 200 per cent.

And it is to protect this "unearned increment," this social value, from taxation and regulation, that the railways find it necessary to become the government. The monopoly tribute which they exact in excessive rates and charges is not less than $300,000,000 a year. Measured by a fair return on the actual capital invested by the owners in the property, it is probably twice this sum. The tribute of the other public utility and franchise corporations is $200,000,000 more. This is the annual cost of the private ownership of the highways and the public service corporations of the nation.

The local taxing authorities are controlled for the same purpose. Not content with exemption from Federal taxation, privilege has evaded the bulk of its local taxes as well. The amount of the evasion is colossal. For the year ending June 30, 1903, the

[1] This social value, this unearned increment, which railways enjoy is recognized by privilege. It is the basis of the constant watering of securities. Wall Street occasionally expresses it openly, as in the following editorial from *Moody's Magazine* for January, 1909. It says, page 6: "There can be no cessation of this steady growth in value of railroad property in a large sense as long as the population of the country increases, rights of way and terminal sites grow in value, and natural resources are opened up and developed. . . . Like the public utility corporation which enjoys a perpetual franchise, and like the owner of realty in the heart of a growing community, every year must automatically add to the equity back of railroad securities, despite government regulation or other ordinary legislation."

railways of the country paid in taxes the sum of $57,797,737. In the year 1904 their commercial value, as ascertained by the Census Bureau, was $11,244,852,000.[1] The total taxes paid amounted to but one-half of one per cent. on this value. Were the railways assessed as are the farmer and the home-owner they would have paid from $168,672,000 to $224,897,000.[2]

The evasions of the express, telegraph, sleeping-car, pipe-line, fast-freight, telephone, street and interurban railway, gas, water, and electric-lighting companies are equally colossal. They, too, are assessed on but a fraction of their value. Only in rare instances are their franchises taxed at all. Prior to the passage of the franchise tax law in New York in 1903, the public service corporations of the state were assessed on their physical property. This law increased their valuation by $235,000,000 in New York city alone. The constitutionality of the law was contested from court to court. It was finally affirmed by the Supreme Court of the United States.[3]

[1] Commercial Valuation of Railway Operating Property, Bulletin 21, Bureau of the Census, p. 8. This year is taken rather than a later one because of the census valuation of 1904.

[2] Estimating ordinary taxes at one and one-half per cent. and two per cent., respectively.

[3] The capitalized value of the street and electric railways of the country in 1902 was $2,308,282,000 or $139,778.7 a mile. (Bulletin of the Census, Street and Electric Railways, p. 11.) This is from two to three times their cost of construction. They paid in taxes but $13,078,899 or approximately one-half of one per cent. on their

In 1905 the United States Steel Corporation paid in taxes but $3,646,490. Its capitalization was $1,637,811,000. The taxes paid were a trifle over one-fifth of one per cent. on the value. Were the Steel Trust taxed at the average rate of other property, it would pay into the treasuries of the various states at least $20,000,000, or six times its present taxes.

Were we to add to these losses those of the coal and the iron, the oil and the gas, the copper and other mining monopolies, which are still assessed as farming land and which have passed under the control of monopoly, we should have a total of tax evasions by these interests in the neighborhood of $100,000,000 a year. If to this were added the evasions of the railways and the public service corporations, the grand total would amount to not far from $250,000,000 a year. It may exceed this figure.

These are some of the spoils of privilege. These are part of the tribute of monopoly. On the one hand, a control of Congress. On the other hand, a control of the states and the cities. Above is a cruelly unjust system of indirect taxation which

valuation. They escaped from forty to fifty millions in taxes. The total capital of the telephone companies in 1902 was $348,031,058. The total tax paid was $2,944,281, or less than nine mills upon their capital value. (Bureau of Census, Bulletin on Telephones and Telegraphs, p. 16.) In the state of Ohio alone it has been computed that the public service corporations, including the railways, escape taxation on a billion dollars of value and evade the payment of from fifteen to twenty millions annually.

exacts from one and a half to two billions annually from the consuming class; below is an equally unjust system of local taxation which increases the burden by at least a quarter of a billion more. In nation, state, city, there is a resistance to regulation and ownership and a ceaseless struggle for still further privileges.

When it is borne in mind that the total annual production of wealth in America is $18,540,345,312,[1] the cost of these law-made privileges is apparent. The burden of indirect taxation, of monopoly rates and prices, and the evasion of local taxes, all made possible by the control of the government by these privileges, is equal to one-eighth and possibly one-sixth of all the wealth there is to distribute. It probably exceeds the total amount distributed each year in wages to American labor.[2]

Herein is an overlooked cause of poverty. It is not the chief cause. That is to be found in the private ownership of the land and the burden of rent which it involves. But when we consider that these taxes must be paid from out the current wealth that is produced, and that the bulk of them are paid by those who toil, the reduction in the standard of living of the mass of the people is obivous. Nearly all of the Federal revenues come

[1] Census estimates of 1900.

[2] In 1900 the total wages paid in America amounted to $2,234,453,993.—United States Census, Vol. VII.

from the poorer classes, for the tariff and the excise taxes are adjusted to the articles of universal consumption. They would yield but little revenue if this were not true. The monopoly charges of the interests protected by the tariff reduce the standard of living still further. They, like the Federal and the local taxes, are collected from consumption. They enter into the cost of every article that we consume. They are collected over and over again in the process of production and distribution. They are paid by pennies, dimes, and dollars, and chiefly by the poor.

Privilege, untaxed on what it owns, thus levies a double tribute upon humanity. It compels the consumer to maintain a government whose expenditures are largely devoted to the promotion of its interests, while, in addition, it compels him to pay excessive prices for all that monopoly produces and all of the services which it renders.

CHAPTER XIX

THE CAUSE OF CIVILIZATION AND DECAY

We are now in a position to explain the inquiry with which we started. We can now understand why it is that, in spite of the advances in the arts and sciences and with all of the improvements in the means of production, poverty continues to intrude, like a poor relation at the feast. We can now understand why the discoveries of the mechanical world pass over society, like a rain-laden cloud over a thirsty desert, and leave humanity but little better off than it was before. It is also possible to unravel the mystery of history; to explain the laws which govern the rise and fall of nations and the destruction of whole peoples in the midst of their splendor.

We have missed the purpose of organized government. We have perverted the state from its proper ends. We have exalted privilege above liberty and the rights of property above humanity. In this is to be found the explanation of the unequal distribution of wealth. It is not due to any natural inequalities in the endowments of men. The princely fortunes which have come into existence

during the past few years are not traceable to thrift, intelligence, or foresight on the part of their owners any more than the wide-spread poverty of the masses of the people is due to the lack of these virtues on their part. The laws of the land are responsible for the billionaires, just as they are responsible for the dock laborers; they are responsible for the Waldorf-Astoria, just as they are responsible for Packing-Town.

The American people are between the upper and the nether millstones of law-made privileges. Above are the cruelly oppressive taxes of the Federal Government, which exact from one and a half to two billion dollars a year from those who labor. Below are the rent of the land, the monopoly charges of the mine-owners, the railways, the transportation agencies, and the other public utility corporations, as well as the countless other monopolies, which are identified with the land or are directly traceable to the tariff or the railways, and which exact from three to four billion dollars a year more. Struggling between these law-made privileges are 80,000,000 of people, whose political institutions have fallen under the control of a class. The heart and the brain of this merger is in Wall Street. Its tentacles reach out into the humblest home in the land. It pursues its purpose with no concern for the nation's welfare. It is deaf and dumb to any appeal save self. It differs from the privileged

orders of other lands only in the magnitude of its operations. History is filled with examples of government by a class, but history nowhere records a nation of free men, endowed with the ballot and safeguarded by laws of its own making, permitting its highways, its resources, and its machinery of taxation to be made the plaything of stock-jobbing interests, in which the stakes involved are the control of a continent and the well-being of 80,000,000 of the most highly educated people of the globe. Yet such is not an exaggerated picture of what has happened to America during the past few years.

Whoever controls these agencies controls a people's destiny. They can decree comfort, contentment, and happiness, just as they can decree poverty, misery, and decay. That an increasing percentage of the wealth of the world is not enjoyed by those who produce it the preceding pages indicate. That this must be true is demonstrated by deductive as well as by inductive logic. For there are only three possible claimants to the wealth that is produced: the landlord, the capitalist, and the wage-earner. If an increasing share goes to rent, the returns of capital and labor must be reduced *pro tanto*. According to the United States Census the wealth produced in 1900 amounted to $18,540,345,312. This included all kinds of farm products, the output of the mines and of manu-

facturing plants.[1] The per capita wealth produced was $234.04, or $1,170.20 for every family of five in the country. This was all there was to be distributed. We have seen that the land values of the country, including as land values the sites of the railroads and public service corporations, are at least $40,000,000,000. They probably exceed $60,000,000,000. Manifestly these values can only exist because they yield an income which warrants this valuation, which, calculated at five per cent., amounts to from $2,000,000,000 to $3,000,000,000 per annum. This is land rent. It is the annual tribute of the unearned increment. It can only be paid from out the current production. The wealth to be divided between capital and labor is reduced by this charge.

At least $2,000,000,000 more is taken through indirect taxes on consumption and the monopoly charges which the protected interests exact, while from $500,000,000 to $700,000,000 is appropriated by the railways and the public utility corporations in excess of a reasonable charge for the services which they render.

Out of the $1,170.20 per family, at least $300.00

[1] The production of wealth was divided by the census as follows:

Farm products valued at	$4,739,118,752
Mineral products valued at	796,826,417
Manufactured goods valued at	13,004,400,143
Total production	$18,540,345,312

Twelfth Census of the United States, see Special Reports.

a year is taken in rent, consumption taxes, and monopoly charges. This estimate is conservative. I am convinced that the tribute thus exacted is not far from one-third of all of the wealth produced. It is probably in the neighborhood of an average of $400.00 per family.

But the wage-worker does not receive anything like his per capita proportion of the wealth produced. The average wage is below $450.00 a year. The census estimate, as we have seen, is but $432.40. Yet the part of the wage-earner's income appropriated by privilege is undoubtedly in excess of one-third of his income. This is the cost, to those who toil, of the private ownerships of the land, and the control of the government by an economic class.

So long as these conditions continue the poor must become poorer, just as those who own the land and the resources and the public service corporations must of necessity grow richer. The growth of population insures this. Already millions are in poverty, while a score of millions have nothing save the morrow's wage between them and destitution. And with each passing day those on the dead-line of poverty must increase in number. From now on the standard of living of those who have nothing but their labor to sell must of necessity fall. To-morrow the purchasing power of wages will be less than it is to-day. So will the chance of employment. This is the inevitable result when

the land and the highways and the politics of a people are in the hands of an ascendant class. By a perfectly logical process, those who own the land will take all that the tax-gatherer does not. The landlord is the residual claimant of all that is produced.

That this is true is evidenced by the incomplete statistical data which we possess. Wages should have increased in recent years, but as we have seen they were actually lower by seven per cent. in 1900 than they were in 1890, while the cost of living had materially increased.[1] At the same time the earnings of one class and one class alone have increased. Rent increased 52.43 per cent. in Massachusetts in five years' time.[2] It is rapidly advancing all over the country. Railway gross earnings doubled in ten years, while the dividends of mine and franchise corporations have shown a similar advance. These are the privileged interests. Their earnings alone respond to the growth of population. All other classes, even the competitive capitalist, suffer by reason of it.

Among the unprivileged ones competition plays and plays fiercely. There is free trade among the producing classes. The tariff laws do not extend to those who toil. The doctrine of *laissez faire* is but slightly relieved by the trades-union. A million

[1] See chap. XV, "The Future of Labor."
[2] *Idem.*

incoming immigrants each year render the struggle that much the more remorseless. They, too, find the resources of the country appropriated, the land enclosed. They, too, are imprisoned by privilege, the privilege of those who own and the privilege of unjust taxation. The millions added by the birth rate make the struggle that much more hopeless, just as they make the tribute which privilege exacts that much the heavier.

Only the wage-earner and the farmer, the retail dealer and the unprotected manufacturer remain to give reality to the teachings of political economy. For it is only among these classes that competition plays.

To this burden of rent and of indirect taxes must be added another and an even more important element in determining the well-being of a people. Rent and taxation control the standard of living through distribution. But production is likewise strangled in the process, through the speculative withholding of the land and resources from use. This is the costliest burden of all. Labor could carry the burden of rent, it could carry the burdens of indirect taxation, were it free to employ itself where opportunity called or instinct suggested. But the private ownership of the land stifles talent, it limits capital no less than labor to the work which is nearest at hand. Not agriculture, not mining, not the elementary processes of production alone,

would be awakened by the freeing of the land from the hand of the speculator, but numberless other industries would come into life by the opening up of the resources of nature to be used by those who are most fitted to occupy them.

The cost of the processes which have been enumerated are the costs of poverty wherever it appears. Poverty means destitution, sickness, lack of education. It means undernourishment for the worker and his offspring. Poverty breeds vice and crime. Nine-tenths of the crime of the community is traceable directly or indirectly to industrial causes. It is social. It is from the poor of the community that the tramp and the vagrant are recruited, it is from this class that the workhouse is replenished. Poverty fills the streets with unfortunate women, the most pitiful wreckage of the city. It is poverty that breeds the criminal of to-morrow from the boys and girls on the streets to-day. They enter the sweat-shop and the department store while yet in tender years. They do not receive a living wage. They are worked to exhaustion. They are driven to the streets by hunger itself. They gladly accept the alternative of "a short life and a merry one" in exchange for all that hope holds out for them. Thus poverty is the mother of vice, of crime, of prostitution. And this wreckage is of our own making.

And it is apparent that the tide of poverty is con-

stantly rising. It engulfs one class after another. From the unskilled it passes on to the skilled laborer. From him it extends to the clerk and the small shopkeeper. In time, it laps at the feet of those who have heretofore enjoyed comparative security. Under existing conditions the tide of poverty cannot recede. It never will recede until the nation itself begins to ebb. For the line of poverty creeps up with the line of rent, slowly reducing the standard of living of all classes save those who own the land.

It is at this point that a nation begins to decay. A people without hope is a people without initiative. Ambition lives only with opportunity. Education, art, skill, literature, invention, are all postulated on economic well-being. The arts cannot live where the worker is compelled to struggle for the barest necessities of life. Political liberty itself is but a reflection of the economic foundations of a people. The same is true of industry. Culture and civilization mirror the industrial freedom or servitude of a nation. Men must be economically free before they can be much else. And this is impossible where the right to work is as hazardous, and the returns of the worker are as insignificant, as they are to-day.

Even industry is threatened by these conditions. The recent hard times were due to land speculation and the growth of rent. For capital is dependent upon the well-being of the working classes. A

people cannot buy if they are compelled to pay all that they produce for the mere right to be upon the earth. That is the condition of the tenement dwellers of our cities. It is the condition of the workers in the mines. It is rapidly becoming the condition of the agricultural worker as well. They are too poor to provide a market for industry. Ultimately the landlord will impoverish the capitalist class as well as the worker.

I am convinced that, under existing conditions, progressive industrial and social decay is a matter of a relatively short time. Just as a single loaf of bread commands everything save life itself between two starving men, so land, even in a nation like our own, will command famine prices as soon as it is all appropriated. It may be a generation before we face the problem in all its acuteness, but there is every indication that the burden of rent and the monopoly of the land have already started America on a downward path, not unlike that which older nations have followed. That science does not accept this explanation of social conditions, is no more remarkable than the refusal of the Church to accept the evolutionary hypotheses of Darwin and of Spencer: it is no more remarkable than the refusal of the plantation owners of the South to be convinced of the wrongness of human slavery; or of the protected industries to see the costly confusion of the tariff. All of the traditions of political

economy are founded upon the idea of private ownership of the land. As a science, it assumed form and shape in the land of all others where the land-owning classes are most dominant. Moreover, political science as well as jurisprudence is the heritage of twenty centuries of control by the landed classes. Added to these influences, all of the traditions of America are those of an immense and inexhaustible public domain, of free land in abundance to any one who wanted it. Woven in and out of the teachings and thought of the people is the idea that the private ownership of the land is sanctioned by the laws of nature if not of God. With these burdens of tradition, of class interest, of jurisprudence, and of ignorance, it is no wonder that political economy has been slow to challenge the idea of the private ownership of the land, or statesmen or political scientists to question its propriety.

Yet the experience of all history confirms this interpretation, an interpretation which is as remorseless in its logic as any proposition of Euclid. The effects of land monopoly, of the struggle of the people for its use, these, together with the effects of the rule of a class upon the destinies of a people, are to be seen in the history of all nations from the first recognition of private property in land. The right has been challenged by many thinkers, by social reformers and agitators in every age. It

is only in the present generation that universal suffrage, a free press, and representative government have made the challenge audible. Two recent French writers, examining the history of the Hebrew, Greek, and Roman peoples, say:

"A *regime* where there is no limit to the extension of individual property, no tempering of its enjoyment, no responsibility in its exercise, where interest and taxes take from labor the best of its produce, excludes the majority from the owning of any property. Then classes form. Their division becomes more marked, struggles break out, the invader arrives, and the nation is destroyed. This is the history of the republics of Greece, Carthage, and Rome. One people alone continues through all antiquity—the Hebrew people. It resists all time, survives even migration as a people. According to the Mosaic law, everything here below belongs to the Lord and man is but the user, obliged to conform to the conditions fixed by the divine order; conditions which have for their aim the assurance of the union of the land and the family, and to preserve to the needy a legitimate part of the resources of the earth." [1]

[1] *La Question Agraire*, by Meyer and Ardent, p. 12.

CHAPTER XX

THE ECONOMIC FOUNDATIONS OF MORALS

JUST as the politics of a country reflect the interests of an ascendant economic class, so the ideas of right and wrong of any age mirror the will of the same economic ascendancy. Ethics, the current sense of morality, even the criminal laws are made to serve a class. So too the agencies of public opinion are enlisted in its service. The press is largely owned by the privileged interests. News and publicity bureaus are organized and consciously employed for the purpose of moulding public opinion, while the press that is free is colored by the same influences. Even the universities, both those that are privately endowed as well as those that are supported by the state, the institutions for scientific research as well as the Church, the philanthropic agencies, and the learned professions, are all dependent upon those who have favors to grant. They are unconsciously coerced into an alliance with the economic interests that are dominant, just as they were in the days of feudalism, when the learned professions, the bench, the bar the Church. and the universities, were the

servitors of the ruling aristocracy. It is these agencies which make the morals and the public opinion of an age.

That the morality of an age is moulded by the interests of the ascendant class has frequently been remarked by those who were not socialists.

"Whenever there is an ascendant class," says John Stuart Mill, "a large portion of the morality of that country emanates from its class interests and its feelings of class superiority. The morality between Spartans and Helots, between planters and negroes, between princes and subjects, between nobles and roturiers, between men and women has been, for the most part, the creation of these class interests and feelings." [1]

And the ideas of right and wrong in America are essentially the ideals of the privileged class. The current conceptions of liberty and of duty, of obedience and of reverence, of submission and contentment have been implanted in our minds by these influences. So are our ideas of crime. It is not so much that the rich offender is not as rigorously prosecuted as are the poor for the same offence. It is the absence of a moral code or penal statutes directed against the offences of the ascendant class that stamps the ethics of to-day as class ethics. We can see this in the criminal codes of our states. Crimes against property are relatively more serious

[1] Essay on "Liberty."

than crimes against the person, while crimes against the state, and especially crimes against society, are scarcely provided for at all. Thus the criminal code of New York provides a *maximum* sentence of ten years' imprisonment for criminal assault with intent to kill or commit a felony, and a *minimum* sentence of ten years' imprisonment for first degree burglary. The minimum punishment for rape and for manslaughter in the first degree is twenty years' imprisonment, while for arson it is forty years' imprisonment. The abandonment of a child under six years of age is punishable by a maximum sentence of seven years' imprisonment, while the sale of impure food, even though it may poison a whole community, is only a misdemeanor, and the violation of laws for the protection of railway workers from death and accident is punishable only by a fine of $500.

The offences of the ascendant class against those who are dependent upon them, or for a breach of trust to the many, are but mildly punished. Certain kinds of fraud by the directors and officers of a bank by which thousands of depositors may be robbed of their savings are punishable by imprisonment for but one year and a fine of $500, or both; while a corporation which commits an offence which would be a felony were it committed by an individual may only be fined, and then not in excess of $5,000.

The same class instinct characterizes the Federal law. Bribery of a member of Congress is punishable by three years' imprisonment; while the counterfeiter of a coin may be sentenced to ten years of hard labor. Moonshine or illicit distilling by the poor whites of the South to defraud the revenue is ruthlessly pursued; while smuggling, which is an offence of the richer class, and for the same motive, is practically ignored. All of the power of the National Government is turned against him who rifles a mail-bag; while he who rifles a nation of a million-acre estate is unmolested in his theft, and even more rarely punished for it.

When it comes to the administration of the law, the disproportion is even more conspicuous. Our penal institutions are filled with minor offenders who, in the great majority of instances, have been driven to the commission of some petty offence by industrial conditions over which they have no control. In the police courts of our cities men and women are committed to the workhouse at the rate of a score every hour, and are started on a career of vice and crime which destroys every chance of recovery, and in many instances leads inevitably to the penitentiary.

The corrupt alderman who accepts a bribe is shunned by all men, and his prosecution is vigorously supported by public opinion and reform organizations, while he who gives the bribe is often

fêted by his associates, and the prosecuting attorney who would indict him as a criminal is treated as a social pariah.[1] While he who *innocently* buys a stolen horse gets no better title than the thief, he who *knowingly* buys a stolen franchise is protected by the courts in his grant. Jacob Sharp and his associates were sent to Sing Sing for corrupt connection with the Broadway Street Railway franchise in New York; but the franchise itself was upheld, even though the title was known to be tainted with fraud.

The same class ethics appear in the proceedings against the railways and industrial combinations, and the land and timber thieves of the West. These offences involve hundreds of millions of dollars. They are knowingly committed against a sovereign state. Their number runs into the tens of thousands. Yet there have been rare imprisonments of the offenders, and but few fines collected. Anti-trust laws and laws against rebates and discriminations are still openly ignored. The orders of the Interstate Commerce Commission are contemptuously violated, while mine operators and manufacturers refuse to obey the laws for the protection of their employees.[2]

[1] For examples of evidence of this class-conscious morality see the contemporary accounts of the graft prosecutions in St. Louis and San Francisco and the attitude of the press and public opinion toward Folk and Heney.

[2] Within the last year the case of the United States against the Standard Oil Company for violation of the statutes directed against

It is not alone that these offences are committed. It is the acquiescence on the part of the public in their commission that stamps the ethics of the day as those of a class. We do not protest against the crimes of the business world, certainly not as we protest against the offences of organized labor or of those who violate the excise laws of the state. The offences of the former do not fall within the present day ethical code, neither do they violate the public opinion which makes that code. But the same public opinion rings with outraged morality at the action of the Western Federation of Miners, the boycott of an "unfair" house, or the criticism of a decision of the courts by the representatives of organized labor. It is aroused to frenzy over the tyranny of the closed shop, but not over the tyrannies of the closed corporation.

It demands as a sacred and inviolable right the freedom of the non-union man to work where he will, irrespective of organized labor, but denies in the same breath the sacred and inviolable right of the same man to buy or sell in the markets of the world irrespective of organized capital, unionized by the tariff. Privilege compares the dilatory criminal proceedings of the American courts with the expeditious punishment of offenders in England,

rebates was dismissed by the courts, while the officers of the American Federation of Labor were committed to jail for alleged violation of a court order.

but makes no reference to the prolonged delay in the payment of franchise taxes by the corporations of New York city or the litigation over the eighty-cent gas legislation in that state. It is silent about the endless litigation over every petty order of the Interstate Commerce Commission, the statutes of our states, or the exhausting policy adopted to resist the payment of personal injury claims by the corporations. It identifies itself with agitation to close the saloon and to punish petty vice, but betrays no interest in any movement to discover the cause of these evils or to control the privileged interests which lie back of their existence.

How, it may be asked, does all this accord with the recent activity of the state and the nation against the big business interests? As a matter of fact, there comes a time in the evolution of class morality when the very excesses of the dominant class must be checked in order to preserve the class. And an examination of the recent legislation against corporate abuses will show that it is designed for the protection of the ascendant class rather than the destruction of its privileges. The worst offenders must be held in check. Monopoly must be regulated or it will be destroyed; the railways must abandon discrimination if they would check the movement for government ownership. The more far-sighted owners of the franchise corporations have approved of the creation of state commissions for

the same purpose, just as the brewers and distillers have drafted model license laws to check the movement for prohibition. Such restrictive legislation is designed to save the institution, by the creation of a legal code which will restrain the irresponsible offender. By these means the public will be diverted from the fact that the institution itself is wrong, to the idea that it is the occasional offender who is at fault.

The same sinister influence exercises its power over the agencies of public opinion. It tempers the pulpit and the university. It limits discussion to other than vital questions. The abuses of the business world, and the wrongs of humanity, are excluded from investigation. Preferment is closed to those who look too closely into the cause of existing conditions. The daily press is even more openly controlled. Editorial discussion is for the most part commonplace, while the news columns are made to mirror the will of the counting-room. News and telegraphic agencies are controlled with the same end in view, while at Washington and in the capitals of our states subsidized news and plate-matter bureaus are maintained which feed the rural papers with matter favorable to the interests which support them.

The metropolitan press as well as that of the larger inland cities is largely owned by the franchise corporations or other interests, or is subjected to

such pressure through its advertising patrons that it is muzzled. This fact is admitted by many editors who deplore it. The Philadelphia *North American* asserts that the press of America is no longer to be trusted. It says:

"The influence for real, patriotic, right thinking exerted by the daily newspapers of America was dwindling almost to the degree of degeneracy. . . . The world's strongest people are sinking into subserviency to a sordid power, only because the people were being served by a press that was worse than subsidized, a press that had become enslaved. . . . The predatory interests were not slow to estimate how easily they could control certain newspapers by the granting or the withdrawal of profits. From the allotment of official printing in the cities to the appointment of an able and, therefore, a dangerous man in the town to be pastmaster, by grace, of a corrupt state machine, the system has been the same.

"Debauchery has come from many an angle. The same bankers, suppliant to Wall Street, are the ones from whom favors were asked by newspaper managers, cramped financially, to keep pace with modern development. Volumes instead of brief comment could be written concerning pressure brought to bear by railroads, the liquor traffic, the poisoners of food and medicines, the promoters of swindling mining and other stock schemes.

"But two things above all others stand out as factors in the lessening of the influence of the daily press: The first is the purchase of newspapers by rich men utterly destitute of any comprehension of the right function of journalism. Jay Gould failed

in his attempt at this sort of prostitution of public opinion. From Huntingdon in California, to Morgan and Belmont in New York, and from 'Fingy' Connors in Buffalo, to Oliver in Pittsburg, we have only too many proofs that the plan now succeeds."

It is by ownership, by advertising coercion, by the distribution of official printing, by the control of the news agencies, but most of all by the coercive power of the banks, to which the newspaper of the day must go, that the making of news as well as the public opinion which emanates from the press has passed into the hands of the predatory class. They not only make or mar the career of political leaders who are inimical to privilege, they distort and color the facts which take place. As the *North American* says, when the newspaper ceased to be an agency of enlightened public opinion a new agency arose to take its place. The weekly and monthly magazine has become the tribune of fearless speech.

And just as the economic interests of the ascendant class mould the ethics of an age, so the same economic interests mould our outlook on the past. History is written by men from the same class which makes the public opinion of to-day. Their standards of right and wrong are those of the class to which they belong. It is for this reason that history is blind, just as are the law and contemporary opinion, to the crimes which have been committed against hu-

manity. The eye of research is closed to the great social forces which underlie the decay of nations and the destruction of liberty by the aggressions of the privileged orders. We read the chronicles of Greece, of Rome, of Spain, or of Great Britain almost in vain for any guidance in the solution of the menacing problems which confront the twentieth century. Like the science of political economy, history stops short at the interpretation of social movements. The science of history awaits some great mind like that of Darwin to construct from out the neglected records of the past the evolution of the economic foundations of society. When that has been done we shall see that the great crimes of history, like those of the present day, are not those upon which the historian dwells. The great crimes across the face of Christendom are those which have enjoyed every sanction which the law could give. They were environed, just as they are to-day, with every approval which respect could add. They were achieved so quietly that the voice of protest was stilled. Yet the effects of these crimes linger on from generation to generation, even from century to century.

When we see history in its real perspective, it will be apparent that the great crimes of every age have been committed through legislation. They will be found carefully written upon the statute books of the age. They are the crimes of an ascendant class in control of the government, making use of that

control for the impoverishment of their peoples. When history is so written, we shall see that the servitude, the poverty, the famines, and the ruthless destruction of peoples is the product of law. We need not go back to the Roman senate, to the privileged orders in France, to the crimes against Ireland by the landlords of England, for proof of this statement. Confirmation may be found in the law-made crimes of America, as well as of Europe, to-day. For law is the handmaiden of absolutism just as it is of freedom, of endless wars as well as of peace, of slavery as well as of liberty, of decadence as well as of splendor. Through privileges created by law untold millions have died of starvation. Through privileges created by law untold millions are suffering from starvation and disease in America to-day. Through class-made law civilization has been set back centuries in its growth, while liberty, the liberty that involves the economic as well as the political freedom of the individual, has all but disappeared from the face of the Western world.

CHAPTER XXI

THE REMEDY PROPOSED

How may all this be altered? How can the land be opened up to use by those who desire it, how can monopoly be destroyed, the burden of rent be reduced, the cost of living be brought down, and the opportunities for labor and capital increased? How can the gains of civilization be made to serve all mankind instead of a diminishing few? How can want and the fear of want be abolished from the earth, and justice, equality, and plenitude be insured to all?

There are two and only two solutions of the social problem which confronts the civilized world. One is industrial socialism. The other is industrial freedom. From the time of Plato down to Karl Marx men have dreamed of utopias, based upon a society consciously organized, and controlling the agencies of production and distribution for the common welfare. In every age, too, men have painted pictures of the alternative of industrial freedom; of the society which would result from the abolition of class-made laws and legalized privilege. The most eminent of the latter were the French philoso-

phers of the eighteenth century, of whom Quesnay, Turgot, Gournay, and the elder Mirabeau were the most brilliant. It was Henry George, however, who discovered the means by which industrial liberty could be secured; it was he who evolved a philosophy as complete as socialism itself. It is this alternative of industrial freedom I propose to consider.

If the previous analysis of the economic foundations of America no less than of Europe is correct, the unjust distribution of wealth, the misery and much of the vice and crime of to-day are the products of man-made laws. Organized government itself has created the Frankenstein monster of the social problem. And if these evils are the result of law, obviously they can be corrected by the same agency that created them. They can be corrected by freedom. Nature is as jealous of her methods as she is of her laws. And the law of nature is the law of liberty.

Liberty involves no complicated organization of society, no bureaucracy, no increase in the functions of the state. Liberty involves rather repeal; it involves the abolition of the privileges which have been created by Congress, the state legislatures, and city councils. It involves the freedom to buy and sell where one wills; the freedom of the highways and the freedom of access to the resources of nature. Freedom involves the razing of all tariff walls, and the abolition of all excise and internal revenue taxes

on trade, industry, and commerce; it involves the ownership of the railways and the means of transportation by the people, and the abandonment of all taxes on labor and labor products, and the nationalization of the land through taxation.

This is the philosophy of the single tax, of the taxation of land values, as it is called in England, first proposed by Henry George. He did not lay claim to its discovery. He found it in the writings of the French physiocrats, in the teachings of Moses, as well as in the all but universal experiences of early peoples.

The simplicity of this proposal delays its acceptance. Yet any one who will follow the forces which would be released by such legislation will acquire a philosophy of life as adequate as that of socialism itself. He will find in it a law of perfect justice in human society, a law which insures to the worker to-day, to-morrow, and forever, equality with his fellows and an assurance of the full product of his toil. He will find a means by which monopoly will be destroyed and industrial liberty re-established; he will discover a means to terminate the present unjust distribution of wealth. This remedy, too, is sanctioned by all that science teaches us of the laws of evolution; it is sanctioned by a thousand proofs of history and contemporary society, as well as by the precepts of justice and Christianity. It is a solution that relies upon the known instincts of

humanity, and accords with all of the traditions of American democracy.

In a quarter of a century the taxation of land values has become social philosophy to millions of men in every corner of the civilized world. It is the inspiration of the political movements in a dozen states and cities, and in a limited sense is the political programme of the Liberal party in Great Britain. It is a philosophy which divides the world with the followers of Socialism, and in its final analysis is a gospel of liberty and pure democracy.

The remedy which is here proposed is open to adoption by the simplest of changes. It involves no violent alteration in the machinery of government or the organization of the state, no violent break with that with which we are familiar, no departure from the traditions of the functions of government, no bureaucracy or centralized control over the life or activity of the individual. There would be no new machinery; rather much that is now necessary would become obsolete. There would be an end of oaths, of jurats, of inquisition, and of perjury in taxation.

This philosophy of freedom may not be apparent at a glance. It does not appeal to the imagination as does the philosophy of socialism. But those who will apply the known laws of evolution to social and industrial conditions and will study the development of society in every new country where access to

the land is open to all, or the history of the nations of Europe down even to the present day, will find in the freedom which would result from this proposal a social philosophy as adequate to the problems of to-day as any ever offered by the utopian dreams of the past.

Under this proposal the state would become the universal rent collector. It would step into the shoes of the ground landlord. There would be no land rent. It would all be absorbed in taxes. In other words, society would assume what society itself had created, and in so doing, would leave free from molestation all that the individual created. There would be no other taxes and there would be need of none.

When all of the rent was so appropriated the land would be socialized. It would have no capital or selling value. It would become the common property of the nation, subject only to an annual rental charge. With this established, the earth would be opened up to use by all. Then opportunity would call from every quarter. Then the demand for labor would transcend the labor supply, and the worker would be able to command the full product of his toil. Then society would be free from the burdensome taxes on consumption and exchange which now impoverish it, while trade and commerce would be free to follow their natural channels. Then an era of freedom would arise the like of

which the world has never known, a freedom in which no man could live by the sweat of another's face and no man could levy tribute on his neighbor by law. Then there would be equality of opportunity for all, an equality in which the natural instincts of man to justice and righteousness would have full play. Then from each according to his privileges, and to each according to his labor, would be the rule of life.

The city of New York could commence this reform in all its essentials by a law of but few sentences in length. It could socialize a large part of its three and a half billions of land values by the abandonment of all taxes now assessed against houses, buildings, improvements, and personal property, by permitting the whole burden of local taxation to fall upon land values. All of the machinery for carrying this programme into execution already exists. The city now assesses its land at its full value and it assesses it every year. It separates improvement values from land values. New York as well as Boston has demonstrated that land can be valued more easily and far more accurately than any other form of wealth.[1]

With the tax on land values increased by the

[1] When the taxation of land values was first proposed it was urged that the proposal was impractical, because it was impossible to value land separately from improvements or to ascertain what was the unearned increment. A dozen states and cities have demonstrated that land can be easily and accurately valued, and the annual reports of the assessing officers of New York and Boston have furnished startling evidence of the colossal values which society has given to a few of its members.

abandonment of other taxes, ground rents would fall. So would the value of the land. In time the $200,000,000 of rent, now paid to a handful of owners, would be paid to the community that created it. As the taxes were increased the value of the land would disappear. Ultimately it would become in effect the property of the city. New York would be the richest landlord in the world. By this simple process it would have socialized one-half of the wealth of the city.

Into its treasury there would flow an annual income of $250,000,000, instead of $160,000,000 as it is to-day. For already forty per cent. of the taxes of New York, or about $60,000,000, are taken from rent. From out this increasing treasure a city could be erected whose magnificence would surpass anything the world has known. By means of it the city could operate, without cost to the consumer, the services of transit, light, heat, and power, the owners of which services now share with the owners of the land the unearned increment of the city. The city could develop a traction policy and distribute its population far out into the country-side. A conscious housing and transportation policy could be evolved, as far in advance of that which private monopoly has given us as the ocean grey-hound is in advance of the cattle-ship or the auto-mobile is superior to the stage-coach. Light, heat, and power could be supplied in the same way, at

no cost at all, were these services under public control as they should be. For these are the arteries of municipal life. They are as essential a part of the public body as the nervous system is a part of the human body. Modern city life is impossible without them. They can only be properly managed when the idea of private profit is subordinate to the idea of service. Even to-day public administration is more responsive to public opinion than private administration. In time the commonwealth will become far more intelligent than private capital. This is already true wherever the interest of privilege coincides with the interest of the community. This superiority is apparent in the magnificent docks which have been erected about the city of New York, as well as in the splendid school-houses and libraries and public structures which adorn the metropolis. It is apparent in the workmanship of river and harbor improvements, in the construction of a great battle-ship, or the building of the Panama Canal by the nation. Wherever privilege desires efficiency the government is efficient. And when the government is free from the corrupting influence of big business, when it turns its attention to the conscious aim of serving democracy, we shall find that ability, talent, and genius will serve the state far more ardently than it ever served for private hire.

We need not wait for evidence of the fact. It

may be seen in the high sense of honor and intelligence of the War and Navy Departments, as well as in the world of science, where men labor in the service of truth for the most insignificant pay and for scant recognition. We see it in our universities and our schools, even in the fire departments of our cities, where, unnoticed and unrecorded, men go willingly into the face of death merely for the sake of protecting another man's property.

We have only begun to make use of government as an industrial agency. We are only beginning to see that private property must be subordinated to humanity. On every hand it is apparent that the activities of the government must be increased and that they can be used for the service of the many, just as they are now used for the service of the few. Old political formulas are changing. The state is rapidly becoming an economic as well as a political agency. From now on this tendency must increase at an accelerated pace. And the services which the community could render its people, from out the as yet untouched common treasure, would of themselves relieve the most serious wants of modern society. For poverty can be relieved by increasing the free services of society as easily as privilege can be created by the passage of tariff laws, by railway privileges, and franchise grants. It is only a question of the class in control of the government and the motives which animate it.

CHAPTER XXII

THE REMEDY CONSIDERED

This then is the proposal: That all of the revenues of the government shall be raised from a tax upon the value of the land; that all other forms of taxation shall be abandoned; that trade, industry, and commerce shall be free from any interference by the state, and the products of labor shall exchange with each other without let or hindrance of any kind. Here there shall be but one tax, and that shall be levied upon the value of the land which society itself has created, until all rent shall have been taken by the people for their common use and enjoyment.

Let us examine this proposal. Is it just? This test must be met by any proposal of social readjustment. For injustice can only be corrected by justice. There is, of course, the political sanction of *salus populi suprema est lex.* Taxation has always been used to promote a social policy. The tariff and excise taxes have been imposed in the name of national well-being. During the Civil War state bank-notes were taxed out of existence in the interest of a sounder banking policy. We have no hesita-

tion in destroying millions of dollars of property, innocently invested in the brewery and distilling business, in the name of social well-being. We have discouraged the manufacture and sale of oleomargarine in the interest of a class and at the expense of those who consume. And the taxation of land values may be justified by the same sanction of the welfare of the state. Measured by the standard of conventional political justice it is perfectly just.

There is, however, a higher sanction, the sanction of absolute justice. And absolute justice requires that society shall protect its members in the enjoyment of that which they produce. That is the first obligation of government. But no such protection is offered to those whose labor creates the increased land values. The presence of each one of us upon the earth creates a value which is appropriated by another. Each individual is compelled to pay tribute for that which is really his own.

And there is but one way by which this social value can be retaken. And that is by taxation. For this reason the taxation of land values is the reverse of confiscation. It is exact justice. It returns to society that which society produces, and leaves free from taxation that which the individual by his efforts creates.

This then is the natural source of revenue, as providentially provided as the manna of heaven

was provided for the Hebrew people. It exists in abundance for every social need. It increases with the growing needs of society and the complexity of modern life.

But the taxation of land values is least of all a financial measure. That is but incidental to a larger social ideal. It is not the revenues society would receive, it is the wealth which would spring into existence and its just distribution that is important. We could well afford to throw all of the rent of the land into the sea if that were the only means by which industrial freedom could be secured. For the taxation of land values will insure freedom, it will create a society in which the production of wealth will be greatly increased, while the share of each will be justly determined.

Let us follow the effects of this shifting of the whole burdens of taxation onto land values. Its first effect would be to discourage land speculation. The owner could no longer sit idly on his holdings and wait for society to make them valuable. He would have to put the land to its most productive use or sell it to some one who would. There would be an economic motive urging production rather than idleness. With the tax increased to three, four, or five per cent. this pressure would be increased. And surely society owes nothing to him who merely monopolizes that which all men want and which all men must have to live. As the

present Chancellor of the Exchequer of England, Mr. Lloyd George, said, in defence of the land-tax clause of the British budget introduced in 1909: "If the speculator wants to remain a dog in the manger, he must pay for his manger."

Under such a pressure land would be forced into the market. Owners would seek tenants, occupiers, workers. Houses would be erected on vacant building sites. Mines, quarries, and plantations would be worked to their capacities. The land would invite men instead of repelling them. Opportunity would spring up on every hand.

Land values would fall in consequence. The competition of sellers would bring this about. Instead of men competing for land, the land would compete for men. The present economic interest of the speculator would be reversed. Another influence would accelerate the movement. A tax upon the products of labor increases their cost. The tax enters into the price. It is paid by the consumer. A tax on land values, on the other hand, reduces the cost of land. It is deducted from the rent. As rent falls so does the price of land, for capital value is but the reflection of earning power. Economists are agreed that a tax on land values cannot be shifted. It remains where it falls. It diminishes rent. "A tax on rent," says Ricardo, "would affect rent only; it would fall wholly on landlords, and could not be shifted to any class of consumers.

The landlord could not raise rent." [1] John Stuart Mill testifies to the same thing. He says: "A tax on rent falls wholly on the landlord. There are no means by which he can shift the burden upon any one else. . . . A tax on rent, therefore, has no effect other than its obvious one. It merely takes so much from the landlord and transfers it to the state." [2] A tax on land values is thus unlike any other tax save those imposed on incomes and inheritances. It remains where it is originally placed. It must be paid by the owner. The state becomes a rent collector. To the extent of the tax, society shares with the landlord in the ownership of the land.

And as the tax increases, rent diminishes. If a piece of land is worth $1,000 free from taxation it is because it produces $50 rent. If a tax of two per cent. is imposed on the capital value, the state then receives $20 and the landlord $30. The value of the land would be reduced to $600 and the socialized capital value appropriated by the state would amount to $400. That is what is meant by the saying that "the selling price of land is its untaxed value." Were the present land taxes of New York city, amounting to $60,000,000, removed, land values would rise by $1,200,000,000 immediately.

Ultimately, with the tax increased to the amount of the rental, land values would vanish. There

[1] *Principles of Political Economy*, chap. 10.
[2] *Political Economy*, book 5, chap. 3.

would be no rent left. The state would have appropriated it all. A piece of land on Broadway would theoretically have no more selling value than a piece of land in Kansas. It would pay more taxes. That is all. People would have to pay a higher annual tax for the privilege of using it.

With this achieved, the landlord would cease to be a factor in distribution. His share would then go to the state. Under such conditions the man who wanted a building site would pay a tax of $50 a year to the community instead of $1,000 capital value to the owner. This would end his relation to the state as well as to the landlord. There would be no other taxes of any kind. Farm tenants would become proprietors by the same process. Capitalists would be relieved of the prohibitive cost of building sites. Great estates would be broken up, and land monopoly would come to an end. Then men would own land merely to use it; and they would use it in its most productive way.

The single tax is not land nationalization. The ownership of the land by the state is not contemplated. Nor is it suggested that we should return to the village community, with its common ownership of the land and its periodic distribution among the members. Nor does the single tax involve peasant proprietorship, such as prevails in France, Denmark, Switzerland, and parts of Germany. It does not involve common ownership or an agricult-

ural state at all. Neither does it propose to limit the amount of land which an individual may hold or to promote small holdings, such as have been provided for by recent legislation in England and Ireland.

Any such solution as these is a compromise with the evil. Peasant proprietorship does not strike at the root of the problem. It does not meet the real evil, which is the private ownership of the earth. Such a programme only increases the number of landlords. It makes no provision for the generations which are to follow. Small holdings and peasant proprietorship fail to recognize the right of the whole people to the land. It is not the great estate, it is the right of one man or of ten million men to the private and exclusive ownership of the land, which is wrong.

The state would not own the land. It would, however, be the universal rent collector. Neither the title, the owner, nor the present methods of transfer would be disturbed. True, it would make but little difference to the present owner whether the land itself or only its annual income is taken. In either event the land would have no value for the purpose of sale. It would be valuable only for use.

The single tax is an automatic reform. Its motive is to insure economic opportunities for all time. It opens up the earth to all. It endows mankind to-day and to-morrow with its common

heritage. Under it residence sections could no longer be used as cow pastures; they would be used for human habitation. Suburban building lands would be developed and cities would spread out over a wide area in the country districts. The land would be opened up for cultivation. It would be allotted by the natural demands of agriculture. If it were profitable to use it for market gardens, it would be used for market gardens. If it were more profitable to farm it in large estates, it would be divided into large estates. The law of demand and supply would automatically determine the size of holdings. But as the country increased in population and the pressure of humanity increased the demand, its subdivision would naturally follow.

Mineral resources would be opened up by the same pressure. Their owners would be compelled to use them or permit others to do so. Million-acre estates in the West could no longer be used for grazing purposes. The burden of taxation would render it impossible. Monopoly would be destroyed at its root. It would be destroyed by the simplest of methods and the only method possible short of ownership by the state. The pressure of self-interest would lead to the opening up of the land and the resources of nature to use, and to use in their most productive way.

As we have seen, nearly all of the menacing monopolies are either identified with the land or are

connected with the railways or are made possible by the protective tariff. The land monopolies are the most complete and the most perfect. It is the ownership of three-fourths of the iron ore in the United States and the bulk of the coking coal that makes the Steel Trust invincible. It cannot be reached by competition, and regulation is impossible. The same is true of the anthracite-coal monopoly, of the bituminous-coal, the oil, copper, lead, and natural-gas monopolies. It is the ownership of limited sites of land that makes these monopolies so easily consolidated and immune from every form of attack. They, too, have been and are still aided by the railways, and are safeguarded from foreign competition by the tariff.

Railway discriminations and the tariff have made possible the sugar, wool, leather, paper, lumber, and other monopolies. They are the products of class legislation. They are not the outcome of the natural evolution of industry. Nor are they the final flowering of the industrial process which began with the steam-engine. They are not due to any great skill on the part of their creators. They enjoy no sanctity of superior ability. They are the products of class-made privileges.

These monopolies can be destroyed by the same tools which created them. They can be destroyed by the abolition of the tariff, the public ownership of the railways, and the taxation of the natural

resources with which they are identified. The owners of these limited mineral sites could no longer sit idly on the preserves which they have acquired and limit the output. The resources would have to be developed in order to meet the tax. A great increase in production would take place. Competition would be re-established and prices would fall in consequence. The domestic producer could not prevent this by combination with the foreign manufacturer. The pressure in the rear would prevent it. Raw materials would sell at their labor rather than their scarcity cost, while the independent producer would be placed on a footing of equality with those who own the raw materials of production.

There are only two ways by which the economic well-being of humanity can be improved. One is by an increase in the amount of wealth. The other through its more just distribution. Poverty can be abolished in no other way. It is often assumed that there is not enough wealth to go around. As we have seen, however, the annual wealth produced in America amounts to $1,170.20 for every family of five, which is just about two and a half times the average wage as ascertained by the census. There is, therefore, wealth in abundance were it justly distributed.

But the taxation of land values would increase this production. It would also equitably distribute it. Of this there can be no possible doubt. The

taxation of land values would affect not agriculture alone, not mining alone, but all industry would sympathetically respond to the stimulus which the opening of the land would involve. Houses, factories, and improvements would be encouraged in the cities and the country, while the stimulus of self-interest would lead those who own more than they can profitably use, to dispose of their holdings to those who would develop them.

This movement would be still further stimulated by the exemption of all improvements, all machinery, all factories, and the products of labor from taxation. Capital and labor would be encouraged, not penalized. Capital now locked up in land speculation would be forced into active business enterprise, while the removal of the taxes upon all sorts of consumable wealth would add a further stimulus to industry and production. Persons of small capital could engage in industry. They could organize companies and acquire sites at little or no cost. A revival of small industry would follow. It would not require any aid from the state. It would come from the voluntary action of the men themselves. The increase in wages, the cheapening in the cost of land, the diminished cost of tools and machinery would lead to the organization of co-operative industries on a small scale.

But the great gain would come from the new light of hope, of freedom, of industrial independence that

would brighten the eye of all. Then each man could more readily choose his calling; he would not be driven to accept the job that was nearest at hand. A new country with new vistas would always beckon to him just as it did to his forefathers; but it would be a country in which all the gains of civilization would serve him and his children. The human mind can no more picture the society which would result from the forcing of all land into use, and its most productive use, than the imagination of Watt could have foreseen the changes which were to follow the discovery of steam, or of Franklin the discovery of electricity. In comparison with the effects of this revolution, all other reforms for which we are now agitating would be inconsequential.

CHAPTER XXIII

THE NEW DISPENSATION

This stimulus to production would only achieve this result if the increased wealth were properly distributed. How, it may be asked, would the farmer, the wage-earner, and the great mass of humanity be bettered by the change?

In the first place, the abolition of all indirect Federal taxes would save the consumer $600,000,000 a year. It would free him from the monopoly prices now exacted by reason of the tariff. For the tariff has increased the cost of living and placed a burden upon the consumers of America of from one and one-half to two billion dollars a year. These indirect taxes and monopoly charges are paid most largely by the poor. For the consumption of sugar, tobacco, wool, cotton, fuel, oil, meat, and foodstuffs is out of all proportion to the relative incomes of the rich and the poor.

The tariff taxes are regressive taxes. They are exaggerated poll taxes. They bear most heavily on those least able to pay them. The abolition of indirect taxes and monopoly charges would add

from $100 to $200 a year to the purchasing power of each family. The price of commodities would fall to this extent. But this is not all. The abolition of all taxes upon houses, buildings, and things which labor produces would still further reduce the cost of living. It would cheapen the cost of everything consumed. For taxes upon labor products are shifted on from the producer to the consumer until they are finally lodged with him who buys. With these taxes abolished, prices would still further fall. Money would buy more than it does to-day. It would go further. All this would elevate the standard of living.

Thus the well-being of the consuming class would be improved. Then, too, the landlord would cease to be a claimant in distribution. His share, which, as we have seen, amounts to probably three billion dollars a year, would pass to the community, leaving only the capitalist and the worker to struggle for the output. How would the taxation of land values affect the relations of these claimants? How would it insure to the worker the full product of his toil, and to the capitalist only a fair return upon his investment? How, in other words, would the condition of him whose only capital is in his labor be improved?

We can easily imagine the results which would follow from some calamity of nature which diminished the population of the country by one-

half. The effect upon the distribution of wealth would be immediate. The relations of classes would be reversed. Mills and factories would be short-handed. The mines and the countryside would be denuded of labor. A clamor for workmen would ensue. The farmer would compete with the mill-owner. The railroads would struggle with the mine-operator. The newspapers would be filled with alluring advertisements of positions seeking men.

Wages would rise with great rapidity. They would go up by leaps and bounds. The tramp and vagrant class would disappear. So would soup houses and the bread lines upon our streets. Vice and crime would greatly diminish, and the inmates of charitable and penal institutions would be reduced to a diminishing point. The unemployed and delinquent classes would fill the vacuum. Those industries which were the least attractive would be the last to be filled, for the wage-earner would be in a position to choose his employment. For the time being he would be the master of the situation. There would be two jobs hunting for every man. Under existing conditions there are more men than jobs. And it is this that depresses wages. A few men out of employment will disturb the equilibrium of wages. They impair the standard of living of their fellows.

With the supply of labor thus reduced, a new relationship between capital and labor would arise.

Arrogance would give way to a kind of partnership. The two agencies in production would come together on terms of equality. A readjustment of all industrial relations would take place. Men would not need to sacrifice their lives in order to escape starvation. Safety appliances and compulsory insurance would be provided as a matter of necessity. Otherwise the employer could not keep his men. In place of the struggle for a chance to labor, there would be substituted a struggle on the part of employers for men.

Such are some of the obvious results which would follow such a decrease in population. History offers a complete confirmation of this hypothesis. In the fourteenth century the black plague swept over Europe. It appeared in England in 1348 and 1349, and carried off one-third of the population in a few years' time. The spirit of society was revolutionized by it. A dearth of labor was created. Wages shot up from two to three hundred per cent. in a few years' time. The landlords were unable to work their farms. They could not market their products. Tenants deserted their holdings in order to participate in the increased wages that were offered. In consequence landlords reduced their rents, or relieved their tenants from payment altogether. Many members of the aristocracy were impoverished. This was the golden age of British peasantry. They commanded the situation.

"It was both easy and profitable for a villein to turn his back upon an unwise lord and escape to another manor or to a town. Only in a very few cases does it seem to have been possible to get laborers, servants, or tenants under the old conditions. The great point of complaint was the rise in wages. In very many cases villeins were compelled to take up vacant holdings. In others, the lands were let on lease to free tenants. And, as the supply of land was much greater than the demand for it, villeins were able to compel the lords to consent to the commutation of services. Moreover, it appears that the rents paid were frequently lower than before. Thus the black death resulted in an increase of free tenements and a decrease of the lord's income." [1]

The land-owners controlled Parliament. They sought to check, by criminal laws, the increase in wages and the abandonment of holdings by the serfs. They enacted the Statute of Laborers, by which it was provided that all workmen should accept the same rate of wages that prevailed before the plague. The penalties were severe. Imprisonment was decreed against any one who left his service before the end of his term. But the act was of no avail. It was re-enacted with increased penalties from time to time. The landlords controlled the administration of the law. The peasantry was ignorant and immobile. Yet fortified with all of the power of

[1] *History of the English Agricultural Laborer*, by Dr. W. Hasbach, p. 22.

the government, the aristocracy was helpless before the situation. The shortage in the labor market reduced rent and increased wages. The advantage was all with the laborer and the tenant. This condition continued for nearly two centuries, until population again began to press upon the land. This is the opinion of all those who have studied this period of English history. "I have stated more than once," says Professor J. E. Thorold Rogers, "that the fifteenth century and the first quarter of the sixteenth were the golden age of the English laborer." [1]

That the results described would follow a sudden reduction in population is obvious. It could not be otherwise. And the condition of labor would continue to improve until population again filled in the vacuum.

Let us reverse this picture. The taxation of land values would be a permanent black plague to land monopoly. It would not diminish the number of wage-earners. It would increase the demand for labor. This increase in the demand would have the same effect upon wages as the decrease in the supply. All of the land in the country would seek tenants and workers. Mines would have to be operated to meet the burdens of taxation. So would city sites. So would farms. Almost immediately men would be masters of the situation. They would be able

[1] *Work and Wages*, p. 326.

to choose their employment. They would be free from the pressure of hunger which forces them into the first opportunity which offers. Hope would take the place of despondency, for there would be opportunity to work where one willed. Then the land would serve the people instead of humanity serving the landlord. The wage-worker would find his nominal wages greatly increased, and the price of all the necessities of life correspondingly diminished. For wealth would be created in greater abundance.

But the opening up of the resources of the earth by taxation would do far more than the reduction in the number of laborers. For loss of population means a loss in the productive as well as the consuming power of society. Increasing opportunity, on the other hand, involves an increase in the per capita production of wealth. The division of labor which has taken place has increased the per capita production. The labor of a single man produces to-day three hundred watches, where a generation ago it produced at most a hundred. The skilled workman at a machine turns out three hundred pairs of shoes, where the cobbler at the bench produced at the most a score. Where the housewife at the loom was able to clothe only her family, now a child at the machine will produce cloth for a hundred families. The division of labor has so increased the productivity of the worker, that poverty

should have long since disappeared from the face of the earth. And this increase in productive power would go to the producing classes were it not intercepted by some maladjustment of the laws of distribution. This maladjustment would disappear with the opening up of the resources of the earth, for the increase in the opportunities for labor would place the producing class at such an advantage that they would be able to appropriate to themselves all of the products of their labor.

The taxation of land values would do this. It would affect the labor market just as did the black plague or the discovery of a new continent. Labor would be the predominant partner in the wage agreement. No statute of laborers or combination of capitalists could affect this situation. Through the forcing of the land into use, and its most productive use, and the full taxation of rental values, rent would vanish and the wealth of the world would be distributed between labor and capital.

A few short years would usher in such prosperity as the world has never seen. Involuntary poverty would disappear. Opportunity would call upon talent. There would be no limits to the demand for labor. The benignant laws of freedom would supplant the ignorant laws of man. Competition for men would arise where now there is none. Initiative and talent would enjoy an opportunity to express themselves. Men would not be limited to the

single job which they must now accept or starve. They would be free to labor at that which was most congenial, and at that which was consequently the most productive. Then labor and capital would be free from all taxes. There would be no barriers to trade, no tribute on wealth. Only the landlord would disappear as a claimant in distribution. He now performs no useful service. He would then receive no compensation. Rent would flow to society, and society in turn would be divided into two claimants, labor and capital, and they would meet in the struggle for the division, just as they now meet in every new country where the worker is free to choose whether he will work for himself or for another. And the experience of all new countries, where land is free, demonstrates that labor is then the dominant partner in distribution.

It may be urged that such an increase in wages would endanger industry. The reverse would be true. It would destroy monopoly and imperil those combinations which are identified with the land. It would usher in competition and stimulate innumerable new industries. But prosperity does not consist in the inflated dividends of the Steel Trust or the watered securities of the railroads; it does not consist in crowded New York hotels or summer resorts. Prosperity should consist in twenty million families whose wages or incomes enabled them to live in comfort and happiness. It is they who

form the market. It is they who consume the output of mill and of factory. Only a small portion of the wealth that is produced is consumed by the privileged classes. And were the income of America's working population doubled to-morrow, there would be ushered in an era of prosperity which would flood the factories with orders and bring to the docks of New York the surplus products of other lands. For the wants of man know no limit. Our eighty millions of people can consume many times what they do to-day and still many legitimate wants would remain unsatisfied.

The taxation of land values would awaken industry all along the line. It would give an impetus to the building of homes and factories. Agriculture and mining would be awakened in the same manner. Those who produced the raw materials would consume the finished product. And they in turn would call upon the farmer and the miner for the raw materials. With increasing wages there would be increasing demand for goods. This would ordinarily increase prices. But the abolition of rent and the opening up of all nature to production, as well as the abolition of all taxes upon labor and industry, would reduce prices to their labor cost.

Thus the taxation of land values is a social philosophy—a philosophy as adequate as socialism itself. It would destroy monopoly and exalt the claims of humanity above the claims of privilege.

It would return the land to the community and retain it for the community for all time. Then distribution would give to each according to his labor, and society would take from each according to the privilege which he enjoyed. Then there would arise an era of freedom in every walk of life.

CHAPTER XXIV

THE OPEN DOOR AND THE OPEN HIGHWAY

Thus the taxation of land values is a social philosophy, a philosophy of freedom, of industrial liberty in all the relations of life. The single tax involves the abolition of the protective tariff and the vexatious interference with trade and industry which now strangles the production and exchange of wealth. It is not a natural system of taxation alone, it is a natural system of industrial and social relations.

We have seen that the abolition of the system of indirect taxes would save the consumers about $600,000,000 a year in taxes, which are all paid by labor, in some form or other. It would also save them from the indirect costs of the system, which amount to from one and a half to two billion dollars a year more. America would then become the cheapest place in the world in which to live. It is now one of the most expensive, possibly the most expensive. The bottom would be knocked out of the great monopolies which are mothered by the tariff.

But the gain would not end here. Not only would the people have that much more to spend

for the things they desire; not only would two billion dollars be added to the purchasing power of the country; not only would the wheels of industry be set in motion to satisfy these increased wants; but trade and industry would be awakened in a thousand unknown fields by the freedom of trade which would follow. We have no means of telling what industries are rendered impossible by the tariff, or the new industries which would spring up by reason of its abolition. But the coming of liberty has always been followed by a great industrial awakening. For commerce hates barriers. It instinctively follows the lines of least resistance. For every industry that is helped by the tariff, probably two are rendered impossible by it. The freedom of trade between the states of the American Union proves this. So does the awakening which followed the abolition of the corn laws in Great Britain in 1846. Industries which had been languishing for years awakened into life. The commerce of England assumed command of the seas. Her iron, steel, wool, and cotton factories took the world by storm. Were the trade of America free to follow its natural channels, our exports would command the markets of the world. America is the cheapest of producers. This is true in almost every line of industry. We have the most abundant raw materials, the most highly skilled labor, the highest per capita investment of capital. Were the barriers of trade removed

the commerce of the world would be ours in a few years' time.

These are the by-products of the single tax. Freedom of trade is but part of freedom in every relation of life. And freedom is no less the natural than the scientific law of progress.

There is yet another corollary to the taxation of land values. And that is the free, open highway. There are certain services so fundamental to our life that they cannot with safety be left in private hands. We do not question this as to the activities already assumed by the state. No one thinks of turning back the schools, libraries, parks, and post-office to private hands. Even the most reactionary is in favor of the free, open public highway. Yet the highways were in private hands up to very recently. The private toll road is still to be found in some parts of the country. But it has very generally disappeared before the necessities of modern life. And the railway is but a highway, a highway really far more important than the streets of our cities. Through it the life of the nation circulates. All industry is dependent upon its proper administration. It not only fixes the wages of ten per cent. of our workers, it vitally affects all industry and the well-being of all people. Upon its favors and discriminations, discriminations that the ingenuity of the government and the skill of the secret-service agent cannot trace, many of the most menacing

monopolies are reared. The price which is paid for beef on the hoof, for sheep on the range, for the farm products of the West is determined by the railways, the packers, the elevators, and the warehousemen, whose alliance with the railways is no longer a matter of doubt. Eggs, butter, and dairy products, as well as the fruits of California and Florida, are under the control of these agencies, which fix the price the farmer receives as well as the price which the consumer pays. The cost of living of the entire nation is in a large measure controlled by those who own these agencies.

Even were the railways open to all on equal terms, even were they to abandon their coal lands, to dissolve their connection with private industry, and free themselves from the suspicion which now attaches to them, they should not be entrusted to the caprices of private management and control. For the function which the railways perform is a public one—they enjoy a part of the sovereignty of the state. That the railways should be owned by the people has been recognized by almost every civilized nation save Great Britain and America. These nations alone have trusted to private capital. English industry is suffering in consequence, while the politics of America have been corrupted to the core and her industry reduced to monopoly in every great necessity of life.

There is only one rule of private railway manage-

ment, and that is charging all that the traffic will bear. This is the solemn duty of those intrusted with the administration of the property. They are bound to make as much profit as possible. The railway president may be the most humane of men or the most far-seeing of social reformers. He would be no more justified in adopting any other rule of management, than the agent of the Astor estate would be justified in accepting any other rental than that which the public would pay.

A railway president cannot serve the public and his stockholders. Their interests are diverse. It is his duty to make dividends. To do this, he must adopt whatever means are necessary to secure the traffic. And it is not possible for any commission to trace the subterranean methods which may be devised in the granting of rebates, discriminations, or favors. The motive of railway management should be service, not profits. This is impossible so long as the railways are in private hands.

There is still another reason for the public ownership of the highways. Railway values, as we have seen, are land values. Earnings respond to the same influences as rent. Inflated railway capitalization is an unearned increment. The earnings of the railways of the country increased from $1,222,089,773 in 1897 to $2,346,600,000 ten years later, or an increase of nearly one hundred per cent.

During the same period capitalization grew from $10,635,008,074 to $16,082,146,683. The development of the country, the growth of industry, the coming of immigration, all these have added to the tribute which those who own the highways have been able to extract from the labor and industry of the country. Every exertion of society adds to the value of these properties, just as it adds to the value of a corner lot in a great city.

It is true this social value can be retaken by taxation just as can land values proper. And many persons believe that the railway problem can be solved through this means. But this would not put an end to corruption. It would not check the waste which is everywhere apparent in railway management. It would not remove the antagonism between the private interest and the public welfare, which is the greatest evil of the private ownership of a public function.

The public ownership of railways would do more to free our life from privilege and corruption than any other reform. In commonwealth after commonwealth politics are in the hands of the feudal-like interests, which, like the aristocracy of Great Britain prior to the reform act of 1832, fill the offices of the state and the nation with their own retainers. They control primaries and conventions, they send their attorneys, doctors, and agents to State assemblies. At their dictation United States

senators are elected, who, in many instances, are their paid attorneys and representatives.

The class warfare is bound to continue so long as a powerful interest controls one-sixth of the wealth of the nation; an interest which ramifies into every precinct in the land and which openly avows that it is necessary to corrupt the government in order to protect what it claims as its own. Nor can industry be free or labor receive the fruits of its toil, so long as it lies in the hands of what is in effect an arbitrary tax-gatherer, to intercept so much of the wealth produced as suits its fancy.

CHAPTER XXV

THE DEMOCRACY OF TO-MORROW

We are beginning to see that democracy is something more than the freedom to speak, to write, to worship as one wills, to be faced with one's accusers, and to be tried by one's peers; it involves far more than the absence of absolute government or the tyranny of an hereditary caste. The right of participation in the government, irrespective of birth, race, and creed, and the substitution of manhood suffrage and democratic forms for monarchical institutions, do not of themselves constitute democracy, immeasurably valuable as these achievements are.

Democracy, too, involves far more than a system of taxation that is ethically just; it involves far more than the right to trade where one wills, unrestrained by tariff laws; it involves far more than the taking by the community of the wealth that the community creates or the ownership by the people of the highways, so essential to the common life. These fundamental changes in the relation of mankind to its environment do not constitute an end in themselves, any more than does the right of the ballot or of participation in the government. All

these things are but means to an end, and that end is industrial freedom, a freedom as full and as free to the poor as to the rich, to the next generation and the generations which follow as it was to the generations which spread themselves out upon an unappropriated continent. Freedom is an industrial far more than a political condition.

Unfortunately the idea of freedom suggests license when demanded for all, just as it involves license when enjoyed by the few. Privilege invokes the beneficence of freedom when it would stay the hand of the state in any attempt to control its excesses, just as it invokes the perils of freedom when it would be protected from its consequences. Privilege protests in the name of freedom against regulation of the railways or the franchise corporations, or the protection by law of children, women workers, and those engaged in hazardous pursuits. It attacks the labor union, the closed shop, and the eight-hour day as subversive of personal liberty, but invokes another argument for protection from foreign competition or the right to monopoly combinations.

The political economist as well as the socialist has confounded the evils of the present industrial system with freedom. *Laissez faire* is credited with the tenement, the sweat-shop, and the excesses of capitalism. But freedom, even the *laissez faire* of Quesnay, Turgot, Dupont de Nemours, and the

brilliant school of thinkers who laid the foundation for the abolition of the feudal system and the oppressive restraints of mercantilism, is a far different thing from the travesty of industrial liberty which has masqueraded for nearly a century under that name. For nowhere has there been freedom, the freedom of access by humanity to the source of all life. The land and the resources of nature have been locked up with title-deeds of private ownership, and mankind has been forced to content itself with such opportunities as privilege offered. True freedom, true *laissez faire,* involves the shattering of all these chains with which labor is bound, and the opening up of the earth to the free play of individual talent. It involves, too, freedom of trade and the free public highway. This is the philosophy of freedom.

Freedom is the law to which all life responds. Freedom underlies the philosophy of evolution, which all science has approved. Through freedom all animate life has progressed; to its call the cave man of the stone age has advanced by slow and tortuous processes up to the civilized type of to-day. But the application of this principle to human society has been limited to the formulation of the law of the struggle for existence, with the medium of that struggle ignored.

And freedom is the law of conscious as well as of unconscious evolution, of historic as well as of pre-

historic ages. From the very beginnings of organized society the progress of man has been in almost direct ratio to his liberty. This is written across the face of history from the time of the Grecian city-states down to the latest experiment in nation-building in the distant Pacific. It was economic freedom that enabled the Roman people to bring all Italy to their feet. It was the home-owning soldier who carried Roman arms all over Italy. It was economic freedom that spread the republic over the face of Europe and gave to Rome the supremacy of the world. It was the same economic liberty which awakened the Renaissance and resuscitated commerce in the towns of Italy and Germany during the Middle Ages. It was freedom to make and to trade which builded the congeries of free cities from the Adriatic to the mouth of the Rhine, and called into life the civilization which had been buried in the East for centuries. It was this sort of freedom which gave eminence to Venice, to Florence, to Genoa, to the Netherlands, an eminence which was later seized by Great Britain when she broke free from the restraints imposed by the feudal classes on trade, industry, and commerce.

Wherever restrictive laws have been abolished, wherever the rock of economic privilege has been smitten with the touch of liberty, wealth has gushed forth as it never did before. New processes, new ideas, new inventions are awakened by the call of

freedom, whether it be the opportunity to produce as one wills, to trade as one wills, or, far more important, to make use of the earth free from the dead hand of speculation.

Two great nations have in different ways and at different times shaken themselves free from the chains of privilege. They broke but the obvious chains which bound them, it is true, but the effect was electrical on the production and distribution of wealth. When the States General was convened in 1789, France was entwined with as many laws as the threads which bound Gulliver. There was no freedom of thought, no freedom of action, no freedom of trade or commerce even within the kingdom. No one could labor at a trade or calling without being admitted to a closed corporation. No one could manufacture anything or plant anything except according to rules laid down by the state. The state regulated everything. The individual could originate nothing. Even the kind of tools to be used was prescribed, as were the width and quality of cloth. Every product which did not conform to rule was confiscated or burned. Individuals could not sell or buy, except on permission of the state. Exports of grain, even to the next province, were prohibited. Agriculture bore every burden the seigneurs or their agents could devise. The peasant paid a rack-rent to the lord as well as all the taxes to the state. He had to work on the estate of

the lord and keep the roads in repair. His lands were shot over, and devastated by game. He had to grind his grain at the mill of the lord and press out his wine at the lord's press. Most of the taxes were paid by the poor, while the administration of justice was in the hands of the privileged class. All life, all novelty, all liberty of thought or action was suppressed.

On the night of August 4, 1789, the National Assembly entirely destroyed the feudal *régime*. Society received a new birth. It was purged, as is man by disease or a base metal by fire. The face of France was swept of a thousand abuses, as the face of the prairie is swept by flame. Man and the land were left naked of countless privileges. The worker was free to produce, to buy, to sell, and to exchange. What his mind and hand produced remained in great measure his own. There remained neither nobility nor peerage, nor hereditary distinction, nor distinctive orders, nor feudal *régime*, nor any other superiority except that of public officials in the exercise of their function. Better than all that, there remained to no Frenchman any privilege or exception to the rights which are common to all Frenchmen. Farming of taxes was later abolished. The domains of the clergy were assumed by the state. There was a redistribution of taxes. There was freedom in production and exchange. The old *régime* was destroyed. The foundations of liberty were laid for all the world.

Within the next few years industry, talent, and genius sprang into action. From the farm and the town the armies of France were recruited in the name of liberty. For the first time in their history the people were conscious that the nation meant something to them. The army of France became invincible. The peasant and the artisan, enfranchised from the multitude of vexatious interferences which had controlled every act of their lives, turned to their work with a new light in their eyes and a new hope in their heart. It was the night of August 4, 1789, and "The Self-Denying Ordinance" that made the revolution permanent. It was this that sent its blessings into every corner of Europe, and brought forth in Germany the reforms of Stein and Hardenberg.

A half century later England opened her ports to the commerce of the world. She did not destroy the abuses of the feudal *regime*. Very many of these abuses still remain. But she abolished the corn laws imposed by the landlords in control of Parliament for the protection of their rents. The increase in production which followed surpassed the expectations of Cobden and Bright. England was converted into a vast industrial establishment. She became the clearing-house of the world. Her exports increased from $288,934,380 in 1846 (the year of the repeal) to $356,795,920 in 1850. In 1853 they were $494,668,905, and in 1857 $610,000,000.

Freedom of trade revolutionized Great Britain. It was a revolution which benefited chiefly a limited class. Free trade did not destroy poverty. It did not relieve the agricultural worker, nor did it find decent homes for the tenement dweller. Free trade did benefit the manufacturer and the trader. It increased the value of the land of the United Kingdom by calling into existence great cities and towns wherein four-fifths of the population now dwell. It was freedom, the freedom to buy and sell, unrestrained by artificial barriers erected by legislation, that explained the immediate ascendancy of the British people in industry. Colossal as were these benefits of freedom, they are inconsequential in comparison with those which would follow from the freeing of the land as well.

And it was economic freedom that made America what she is. It was this that lies at the foundation of our democracy. It was not the Declaration of Independence, it was not the Federal Constitution, it was not the freedom from an established church or hereditary privilege, it was not even the ballot; it was freedom of access to the earth and all its fulness, it was the free land that explained our institutions, it was this that gave us industrial eminence. The things we hold most dear are but the reflections of the relations of the American people to the land. And it is the passing of this freedom, it is the enclosure of the land and the

coming of the tenant, it is the monopoly of that which is the source of all life, that has brought down the curse of poverty upon us, just as it did in Rome, just as it did in France, just as it did in Ireland, and just as it did in England at a later day.

The remedy herein proposed will restore the foundations upon which democracy is laid. It will insure liberty for all time. It will insure equality of opportunity in every walk of life and will guarantee to the worker all that his genius, his talent, or his labor produces. The open door, the open highway, and the socialization of the land will destroy the tribute now exacted by monopoly. It will usher in a social order in which men will be as free from the fear of want as they are from want itself. Then men will look forward not to diminishing, but to increasing opportunities, for freedom will not only continuously augment the wealth of the world, it will insure its just distribution to those who produce it.

APPENDIX I

LAND VALUES IN THE UNITED STATES

In 1900 the census enumerators endeavored to get at land and improvement values. They secured reports as to land values in the case of farms and factories. For the farms of continental United States it appears that the land and improvement values, exclusive of the buildings, amounted to 78.6 per cent. of the total, while the land values of factories was 41.5 per cent. of the total. The Commissioners of Taxes and Assessments of the city of New York, where the land and improvements are separately valued, place the pure land values at 63.2 per cent. of the total. The land values of the city of Boston are 60.7 per cent., while Detroit and Milwaukee place the pure land values at 53.9 per cent. and 55.5 per cent., respectively. Thomas G. Shearman, a conservative statistician, placed land values at 60 per cent. of the total, taking the country as a whole, and estimated the pure land values of the country at $27,600,000,000 in 1890. (*Natural Taxation*, p. 140.) This was nineteen years ago. During the intervening years land values have increased far more rapidly than at any previous period in the history of the country. We have seen that there was an increase in the value of farm lands alone of $6,000,000,000 in five years' time. Since 1890, too, the mineral resources and railways have been monopolized, and their values have increased enormously.

In New York City the land and special franchise values averaged $955 per capita in 1909, while in some of the Western States, where assessments are of any value, a similar per capita value seems to prevail. For these reasons it would seem clear that $40,000,000,000 of land values was a very conservative estimate in 1904. There is every reason to believe that they amount to $60,000,000,000 at the present time. This is the estimate of Mr. John Moody, the editor of a number of Wall Street publications, who says:

"I have stated that the estimated wealth of the nation is to-day about $120,000,000,000. Of this, about one-half or $60,000,000,000 is what might be called created wealth, and the balance is spontaneous or unearned wealth—what is sometimes called the 'unearned increment.' . . . Let me try to show a little more clearly what I mean by these different kinds of wealth. Take one of the large transportation trusts as an example, the Union Pacific Railroad system. Eight years ago its capital (market) value was approximately $130,000,000, and this represented chiefly the real, tangible, created property at that time. Since then, less than $150,000,000 more has been invested in the Union Pacific Railroad, and yet the market value of its securities to-day is not $230,000,000, as you would naturally suppose, but is over $600,000,000. The Pennsylvania Railroad system fifteen years ago was worth $1,500,000,000; to-day it is worth over $2,500,000,000; the Reading system in 1896 was worth about $120,000,000; to-day it is worth $600,000,000. The Great Northern Railroad in 1890 was worth only about $40,000,000; to-day it is worth over $500,000,000. The public utility corporations of New York City cost to construct less than $200,000,000, and yet to-day they are capitalized for over $1,000,000,000. The Standard Oil Company represents an original investment of far less than $50,000,000, and yet it is worth in the markets to-day

nearly $600,000,000. The great Steel Trust has actually cost only $400,000,000, and yet it is worth nearly $1,500,000,000.

"The difference between the cost of these things and the market value represents the unearned increment, or capitalized value, of their monopoly or special privileges. This increment, created, of course, by the community, the growth of population and general increase of produced wealth, has, as the country has grown, increased with it, and will necessarily continue to do so." [1]

[1] "The Evolution of the Trust," by John Moody, *The Arena*, for May, 1907, p. 479.

APPENDIX II

THE SUFFICIENCY OF THE LAND VALUES TAX

Is a land values tax adequate for the needs of the nation, the States, and the local authorities? Thinking only of farming lands, many people assume that it is not; they believe that it is necessary for the government to disguise its sources of revenue in order to secure sufficient funds to maintain the state.

It is not in the rural districts that land values are greatest. The land values of New York City alone are equivalent to the values of 100,000,000 acres of ordinary farming land. The land values of all our cities are equal to the value of one-half of the land under cultivation in the United States. And this does not include the colossal values of the mineral resources, of the railways and the transportation agencies. Land values are a far different thing from land, and the taxation of land values is a far different proposal than the taxation of land.

We can readily see the sufficiency of the tax proposed from a consideration of the values already existing. The total revenues collected by all of the agencies of the government in 1902 amounted to $1,709,136,540.[1] Of this sum, $670,789,517 was collected by the Federal Government, and $1,038,347,023 by the States, counties, cities, and local divisions. Most of the local revenues came from the general property tax on land and improvements, and

[1] Census Bulletin, "Wealth, Debt and Taxation," p. 963.

at least one-half of the revenues came from land. So that if we deduct the taxes already collected from land values, it leaves the sum of but $519,173,511 to be shifted to that source for local purposes, as well as $670,789,517 of Federal revenues now collected by consumption taxes through the customs and internal revenue systems.

As we have seen, the pure land values of the country are at least $35,000,000,000. They undoubtedly amount to twice that sum. But even if we assume the former figure, the annual economic rent, measured at five per cent., amounts to $1,750,000,000. It is probably nearer $3,000,000,000. As we have seen, the total revenues to be shifted from indirect taxes and improvements amount to but $1,189,963,028, which, assessed against the rent, or land values, would still leave over half a billion dollars in the hands of the land-owners.

We can see the adequacy of the land values tax in some great city where the land is valued separately from the improvements, and is valued with some degree of accuracy as it is in New York and Boston. The untaxed land values of the former city amount to nearly $4,000,000,000. The annual rent from the land alone equals $200,000,000. All of the needs of this most extravagant city could be assessed against this fund, and leave untouched for Federal, State, and other purposes the sum of $100,000,000 a year.[1]

[1] The total revenues of New York amount to about $170,000,000 a year. The city's proportion of the State tax amounts to about $25,000,000. The proportionate part of the Federal revenues which should be assigned to the city is about $30,000,000. If all these revenues were collected from the rent of the land of the metropolis, there would still be left for the land-owners something like $30,000,000 a year. For already $60,000,000 is being taken from the land each year under existing taxes for local purposes.

The speculative growth in land values is enough in itself to meet the needs of almost any growing city. Thus in New York the growth in the value of the land, as shown by the annual reports of the Commissioners of Taxes and Assessments for the years 1904 to 1908, amounted to $786,004,347. This is equivalent to $196,501,086 a year, or $26,501,086 more than the revenues of the city. The same thing is true of Boston, Philadelphia, Washington, and San Francisco, where similar studies of the subject have been made.

Mr. C. B. Fillibrown, of Boston, has made a most careful study of this subject, and in a paper read before the National Tax Association in Columbus, Ohio, in 1907, said:

"The following Boston estimate indicates the gigantic proportions of the factor, ground rent, and its sufficiency to meet all reasonable costs of government, economically administered, not only without impoverishing the land-owner, but without subjecting him at any time to a tax more burdensome or more continuous than that borne by every man that has lived in a house since a house tax was invented.

The gross ground rent of the land of the city of Boston is, by careful estimate, not less than	$50,000,000
Of this amount there is already taken in taxation . .	10,000,000
Leaving to the land-owners of to-day a net ground rent of	$40,000,000

"The fact that this sum amounts to $68 per capita, or $340 per family, will help the mind to grasp its magnitude as a factor in the distribution of wealth.

State and local taxation upon improvements, buildings, personal property, and polls amount to something over another	$10,000,000
If this additional amount were taken from rent, there would still remain to the land-owners a balance of .	$30,000,000

—$51 per capita, or $255 per family."

How readily all of the revenues of the nation could be met from rent in its various forms is seen from the policy pursued by the government in its treatment of the lands of the Indian tribes in Oklahoma, referred to elsewhere. Minnesota has demonstrated the same thing in a small way. That State was fortunate enough to retain some of its school lands. Upon them iron ore was discovered. There were but fifteen iron ore deposits in all, but through the imposition of a royalty of twenty-five cents a ton on the ore mined, the State has come into possession of a fund of over $16,000,000. Had the Federal Government pursued this policy from the beginning, as it is now proposed by the President in his recent message on conservation to Congress, all of the revenues of the Federal Government could have been met by a royalty charge of one-quarter of the value of the mineral output of the country, which, according to the Geological Survey, was worth the sum of $2,069,289,196 in 1907. Five hundred millions of dollars could have been realized from this source had the nation reserved but 25 per cent. of the value of its mineral products alone.

In foreign countries the increase in land values and the possibilities of their taxation for public purposes are being urged. In an article entitled "Wohnungsnot," in Conrad's *Jahrbücher* for 1902, it is asserted that the land underlying the city of Berlin increased in value in twenty years, from 1870 to 1890, by the sum of $875,000,000, or at the rate of $43,750,000 a year. Mr. Camille Huysmans, in a publication entitled *La Plus-Value Immobilière dans les Communes Belges* (Brussels), has gathered together evidences of the increase in urban-land values in the countries of Europe. He shows that in Germany, England, France, Belgium, and elsewhere the increase is only

less significant than in the United States. And in Germany, this unearned increment is already being taxed by most of the larger cities, while in Great Britain, Belgium, and Switzerland measures are being pressed for the same purpose.

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